

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Volume No. 4



EXPLANATORY NOTES
for
DEPARTMENT OF AGRICULTURE
BUDGET ESTIMATES
Fiscal Year
1945

CONTENTS

	PAGES
Table of Contents	I - II
Food Distribution Administration:	
Exportation and Domestic Consumption of Agricultural Commodities ..	1
Administration of Sugar Act	51
Marketing Service	63
Farm Security Administration:	
Loans, Grants, and Rural Rehabilitation	144
Farm Tenancy	161
Rural Electrification Administration	182
Farm Credit Administration	202
Federal Farm Mortgage Corporation	220
Flood Control	224
Foreign Service Pay Adjustment	226
Claims, Judgments, and Private Relief Acts	226
Miscellaneous Contributed Funds, Department of Agriculture	226
Return of Excess Deposits for Reproductions of Photographs, Mosaics, and Maps	227
Unclaimed Moneys of Individuals	228
General Provisions	229

C O N T E N T S

(Vólume 4)

	<u>Pages</u>
FOOD DISTRIBUTION ADMINISTRATION:	
Exportation and domestic consumption of agricultural commodities	1 - 28
Allotment from Salaries and Expenses, War Food Administration	29 - 50
Administration of Sugar Act	51 - 58
Special deposit account, Federal Surplus Commodities Corporation (Northeastern Timber Salvage Administration)	
Funds loaned by Disaster Loan Corporation	58 - 59
Emergency supplies for territories and possessions, Food Distribution Administration (Revolving Fund)	59 - 60
Marketing Service:	
General administrative expenses	63
Market news service	63 - 69
Market inspection of farm products	69 - 74
Marketing farm products	75 - 81
Tobacco Inspection and Tobacco Stocks and Standards Acts	82 - 86
Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts	86 - 91
Cotton Statistics, Classing, Standards, and Futures Acts	92 - 100
United States Grain Standards Act	101 - 104
United States Warehouse Act	105 - 107
Federal Seed Act	108 - 113
Packers and Stockyards Act	114 - 120
Naval Stores Act	120 - 123
Insecticide Act	123 - 128
Commodity Exchange Act	129 - 134
Freight rates for farm products	135 - 137
Expenses and refunds, inspection and grading of farm products, Food Distribution Administration (Trust Fund) ..	138
Grading of agricultural commodities for Commodity Credit Corporation, Food Distribution Administration (Trust Fund)	139
Redemption of Order Stamps, Food Distribution Administration (Trust Fund)	139
Obligations under supplemental funds	140 - 142
Passenger-carrying vehicles	142 - 143
FARM SECURITY ADMINISTRATION:	
Loans, grants, and rural rehabilitation	144 - 160
Farm tenancy	161 - 168
Liquidation and management of resettlement projects	169 - 170
Water facilities, arid and semiarid areas	171 - 172
Flood Restoration Loans (Assistance by Loans to Farmers, 1943 Floods)	172 - 173
Water conservation and utilization projects	173 - 174
Construction, water conservation and utilization projects .	174

FARM SECURITY ADMINISTRATION (CONTD.):

Payments in lieu of taxes and for operation and maintenance of resettlement projects (Trust Fund)	175
State rural rehabilitation corporation trust funds	175 - 176
Drainage district assessments on acquired lands (Trust fund)	177
Liquidation of deposits, reserve for maintenance and repair, lease and purchase agreements (Trust fund)	177
Liquidation of deposits, lease and purchase contracts (Trust fund)	177
Obligations under supplemental funds	178 - 179
Passenger-carrying vehicles	180 - 181

RURAL ELECTRIFICATION ADMINISTRATION:

Salaries and expenses	182 - 195
Loans	196 - 200
Obligations under supplemental funds	201

FARM CREDIT ADMINISTRATION:

Salaries and expenses	202 - 216
Farmers' crop production and harvesting loans, Farm Credit Administration	217 - 218
Orchard rehabilitation loans	218

FEDERAL FARM MORTGAGE CORPORATION:

Salaries and expenses	220 - 223
-----------------------------	-----------

FLOOD CONTROL 224 - 225**FOREIGN SERVICE PAY ADJUSTMENT** 226**CLAIMS, JUDGMENTS, AND PRIVATE RELIEF ACTS** 226**MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE ..** 226 - 227**RETURN OF EXCESS DEPOSITS FOR REPRODUCTIONS OF PHOTOGRAPHS, MOSAICS, AND MAPS** 227 - 228**UNCLAIMED MONEYS OF INDIVIDUALS** 228**GENERAL PROVISIONS:**

Section 2	229
Section 3	229 - 230
Section 4	231
Section 5	231
Section 6	231
Section 7	231
Section 8	231 - 232

FOOD DISTRIBUTION ADMINISTRATION

(a) Exportation and Domestic Consumption of Agricultural Commodities

Appropriation, 1944 (Permanent Appropriation)	\$97,051,938
Budget estimate, 1945	117,000,000
Increase	<u>+19,948,062</u>

PROJECT STATEMENT

Project	1943	1944 (estimated)	1945 (estimated)	Increase or decrease
1. Food-stamp plan, redemption: payments	\$49,242,187	- -	- -	- -
2. Purchase of agricultural commodities for distribu- tion through State Welfare Agencies	6,643,884	\$12,000,000	\$10,000,000	-\$2,000,000(1)
3. Encouragement of export of agricultural commodities, program payments	6,984,923	- -	- -	- -
4. Diversion of agricultural commodities to byproducts and new uses	13,181,623	13,611,441	13,271,441	-340,000(2)
5. Maintenance and operation of school milk and lunch program	15,340,134	50,000,000	50,000,000	- -
6. Administration of exporta- tion and domestic consump- tion of agricultural com- modities including marketing agreements, orders and activities	6,263,702	3,822,535	3,324,474	-498,061(3)
Covered into Treasury in ac- cordance with Public Law 674	120,614	- -	- -	- -
Allotments and transfers to other agencies and depart- ments (as shown in Budget schedules)	35,134,065	1,048,246	40,404,085	+39,355,839(4)
Unobligated balances	43,016,446	16,569,716	- -	+16,569,716(5)
Total available	<u>175,927,578</u>	<u>97,051,938</u>	<u>117,000,000</u>	<u>+19,948,062</u>
Prior year funds available in 1943	-44,497,745	- -	- -	
Total estimate or appro- priation	<u>131,429,833</u>	<u>97,051,938</u>	<u>117,000,000</u>	

INCREASES OR DECREASES

The amount estimated to be available during the fiscal year 1945 in this item, representing 30 percent of the gross customs receipts during the calendar year 1943, is \$117,000,000 or \$19,948,062 more than the amount available for 1944.

This increase is proposed for application by projects and transfers, as follows:

(1) A decrease of \$2,000,000 under the project "Purchase of agricultural commodities for distribution through State Welfare Agencies." Ten million dollars is believed to be sufficient for such emergency programs as may arise during the fiscal year 1945.

(2) A decrease of \$340,000 in the project "Diversion of agricultural commodities to byproducts and new uses." This decrease will be effected through reductions in the operations of the potato starch diversion program.

(3) A decrease of \$498,061 in administrative expenses resulting from decreases in program activity.

(4) An increase of \$39,355,839 in contemplated allotments and transfers. The major part of this increase consists of three items:

(a) A reduction of \$575,000 due to elimination of nonrecurring allotments made to the AAA in 1944 to cover expenses of the potato and truck-crop payment program.

(b) A net reduction of \$69,161 in the amounts allotted or transferred to other agencies cooperating or rendering services in the program.

(c) A transfer of \$40,000,000 to "Conservation and Use of Agricultural Land Resources, Department of Agriculture," as provided in the Budget language for that item.

(5) The foregoing increases and decreases amount to a net increase of \$36,517,778 in estimated obligations in 1945 over estimated obligations in 1944. However, due to an estimated unobligated balance in 1944 of \$16,569,716, the increase in 1945 over the 1944 appropriation is only \$19,948,062.

CHANGE IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

To enable the Secretary [of Agriculture] to further carry out the provisions of section 32, as amended, of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other

purposes," approved August 24, 1935, and subject to all provisions of law relating to the expenditure of funds appropriated by such section, during the fiscal year ending June 30, [1944] 1945, funds appropriated by or for the purposes of section 32 of said Act shall be available to the Secretary [of Agriculture] for the maintenance and operation of a school milk and lunch program under clause (2) of said section 32 in a sum not exceeding \$50,000,000: Provided,
* * * *

The deletion of the words "of Agriculture" is proposed in the interest of simplifying the language and for consistency with action taken generally throughout the 1944 Agricultural Appropriation Bill.

Statement of Overtime Costs

	: 1943	: Est. 1944	: Est. 1945
Overtime absorbed	: \$532,985	: \$524,441	: \$422,035
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944; and included in budget estimate, 1945)	: - -	: - -	: - -
Total cost of overtime (7 months in 1943):	: 532,985	: 524,441	: 422,035

Note: Overtime costs and amounts absorbed include, on an estimated basis, an allocable portion of the overtime costs shown in the Budget schedules for the consolidated account "Administrative expenses, Agricultural Adjustment Agency" which consists entirely of transfers from various appropriations and other funds.

WORK UNDER THIS APPROPRIATION

General: Record agricultural production, combined with shortages of transportation and marketing facilities and the elimination of a number of export markets, tends to foster local and temporary market surpluses. These surpluses are often serious, demanding immediate action if they are not to demoralize the market and threaten future production. Through the purchase and diversion programs, these surpluses are being removed from the market, and utilized through diversion to new uses or through distribution to non-profit welfare institutions.

The programs carried on under this appropriation are constantly being revised to meet changing needs. Increased emphasis now is being given to diversion programs which are supplying substitutes for critical domestic materials or for imported materials not available during the war. The cotton binder twine program, for example, was introduced in 1943 in an effort to stretch limited supplies of henequen and sisal. The production of cotton bags for cotton bales was stepped up this past year to replace dwindling supplies of jute bagging. Nicotine insecticides developed under the tobacco program are substituting for derris root, copper and arsenic.

Shortages of commodities and the tightness of transportation and storage facilities necessitated a shift in 1944 to local purchase of commodities for school lunches and reimbursement by the Food Distribution Administration for a part of the food cost. The limited commodities purchased by the Administration in 1944 will be distributed largely to charitable institutions. The Food Stamp Plan was discontinued in March 1943.

All export programs have been suspended due to increased domestic demand for the products formerly exported.

The work under this appropriation is described by projects, as follows:

Project 1. Food stamp plan, redemption payments: The food stamp program was inaugurated in May 1939 to improve farm income by increasing consumption of surplus foods and at the same time to improve the diets of low-income families which would otherwise not be able to obtain their minimum food requirements.

The program was handled on an experimental basis until the spring of 1940. It was then expanded rapidly until at its peak in May 1941, four million persons in 47 States, 1,471 counties and 88 city areas were participating.

On December 31, 1942, the Department announced the suspension of the Food Stamp Program effective March 1, 1943. In making this announcement, the Secretary said:

"The situation which brought the Food Stamp Program into being, . . . does not now exist. Most food surpluses disappeared some time ago. Critical shortages of some foods are inevitable. The program has been kept in operation up to this time on a reduced basis as an aid to unemployable persons and others who have not benefited from wartime employment. In recent months most employable persons who have benefited by the Food Stamp Program have been absorbed by the war industries and the program is now reaching less than half of those reached at the peak. Virtually all of these are unemployable; the aged, the physically incapacitated, and the under-privileged children. These persons must be adequately cared for through public welfare grants."

The following table summarizes the activities under this program from its inception:

Summary of Food Stamp Program
May 1939 - March 1943

Fiscal Year :	Average	:	Blue Stamps
Fiscal Year :	Participation	:	Issued
:	(Persons)	:	
1939 1/ :	35,971	:	\$124,321
1940 :	650,828	:	16,413,754
1941 :	2,887,146	:	82,820,190
1942 :	3,444,766	:	111,616,078
1943 2/ :	2,046,231	:	49,107,978
:		:	260,082,321

1/ May and June 2/ July 1, 1942 to February 28, 1943

Project 2. Purchases of Agricultural Commodities for Distribution through State Welfare Agencies:

Objective: To provide ready outlets for local and seasonal food surpluses and thereby prevent losses to producers, discouragement to production, and wastage of food.

The Problem and its Significance: National agricultural surpluses had largely disappeared by the summer of 1942, but the transition to a war-time economy made market gluts inevitable. Population shifts to Army camps and war plant areas; inadequate marketing facilities; shortages of canning tin; and the decline of itinerant truckers are some of the wartime phenomena which have produced local and temporary dislocations between demand and supply. Record agricultural production makes these dislocations more serious. Even under the most careful planning, some unavoidable surpluses will continue to occur. This program is also providing an outlet for commodities purchased under Lend-Lease which, because of the lack of shipping space or changing needs, cannot be utilized in that program.

General Plan: Purchase programs are recommended by the Commodity Branches of the Food Distribution Administration on the basis of an analysis of supply, demand, price, and condition of agricultural commodities.

Purchases are generally made from producers, cooperative organizations, dealers, or warehousemen. Commodities originally acquired by Lend-Lease, Federal Surplus Commodities Corporation, or the Caribbean Stockpile may also be purchased under this project.

The terms and conditions of purchase for each commodity program are established in Administrator's Memoranda designating the area and method of purchase; the maximum quantity to be purchased; the maximum expenditure to be made; the maximum or base price to be paid; the grades to be accepted; the class or classes of vendors from whom purchases may be made, and the inspection required.

In the spring of 1943, because of the shortage of manpower and transportation facilities, the liquidation of stocks held by State welfare agencies in their warehouses was begun. Since April 30, 1943, commodities available for distribution have been handled immediately by State, county, or local welfare departments; or public or private eleemosynary institutions. Some commodities have been allocated to non-profit child feeding programs within the financial limitation established by Congress for that project. Except for local deliveries, allocations are generally in carload lots.

Examples of Progress and Current Program: Following are a few illustrations of market conditions which required spot purchases in 1943:

Shell Eggs: Egg production in the South has increased about 30 percent in the last two years. Since the South has always been an egg-deficit area, no commercial egg-marketing facilities are available to move this

production into consumer channels. Under these conditions, surpluses are inevitable during flush seasons of the year. Because no facilities exist for shipments out of the South, relatively small volumes of eggs constitute local surpluses and depress producer prices. Although Departmental purchases have been and are expected to continue light, this program is doing much to assist in maintaining reasonable prices and encouraging further production. This program is being continued during the 1944 fiscal year until such time as adequate commercial markets are established.

Sweetpotatoes: The 1942 crop of sweetpotatoes amounted to 65,380,000 bushels, and production in 1943 increased more than 10 percent, reaching 72,572,000 bushels.

Normally a considerable portion of this crop is marketed by itinerant truckers. Shortages of drivers, repair parts, and tires, however, kept many of these trucks off the road.

In view of inadequate transportation and record yields for two succeeding years, it was clear that prices to growers in certain localities would fall below 85 percent of parity, unless action was taken. Accordingly, the Department announced its readiness to buy sweetpotatoes at a "floor" price in 1943. Through this purchase program, losses to growers were greatly diminished last year and the bulk of the 1942 crop was moved into consumption.

Tangerines: Production of Florida tangerines was unusually heavy in 1942, exceeding by nearly a million boxes the record crop of 1938-1939. In addition, weather conditions were such as to shorten the shipping season by approximately six weeks. This combination of circumstances indicated a further drop in tangerine prices, which had been low for a number of years. In fact, the 1941-1942 season price of 57 percent of parity was the highest level reached since the 1929-1930 season. In order to aid growers in the marketing of the crop and to prevent waste, an emergency purchase program was initiated.

Apples: The commercial apple crop for the 1942 season exceeded the six-year average, 1936-1941 by 7 million bushels. Shortage of storage space brought about an earlier-than-usual movement to market. In addition, truck shortages and over-loaded rail facilities indicated a possibility that not all the crop would reach consumption channels. To cope with this situation a purchase program was inaugurated.

Outlet for items from other procurement programs: In several instances, items originally purchased for shipment under the Lend-Lease program but not eventually accepted by the requisitioning government required emergency distribution in this country. Shelled walnuts were purchased for Lend-Lease shipment in November 1941, at a time when they were in surplus. Approximately 30,000 pounds were delivered during 1942, but the shortage of shipping facilities made it possible only to export food items of higher priority. In order to completely utilize the remainder of this purchase before spoilage occurred, the nuts were delivered in November 1942, to State welfare agencies.

In other instances small amounts of semi-perishable commodities were available in the Caribbean Stockpile in excess of immediate commercial needs. In those cases the distribution program operating in Puerto Rico and the Virgin Islands served as an outlet for commodities which would otherwise have been wasted. Lard and fatbacks were distributed under this arrangement during fiscal year 1943.

At the peak of activity under the Purchase Program, approximately 11.7 million persons were benefiting directly from the distribution of commodities. During fiscal year 1943 average participation dropped to 2.1 million. Most of those eligible at that time were unemployables. Because of the limited purchases anticipated during 1944, and the necessity for the most efficient distribution possible, commodities will be shipped largely to charitable institutions and to schools for use in their lunch programs.

Project 3. Encouragement of export of agricultural commodities, program payments: During the years when there were on hand the largest supplies of wheat in the history of the United States and foreign markets were shrinking, the export programs filled a real need in establishing and maintaining market connections, and in providing outlets for wheat and flour. Because of increased demands for wheat, however, and a decline in wheat production from 981 million bushels in 1942 to an estimated 836 million bushels in 1943, the export programs have been suspended in order to conserve domestic wheat supplies, and to supply increased domestic demand for wheat, both for human food and livestock feed.

During 1943, almost 10 million bushels of wheat and 2.16 million barrels of wheat flour (equivalent to 9.9 million bushels of wheat) were sold for export under this program. Sales of wheat for export totaled about 2.2 million bushels more than in 1942, while sales of flour for export were about 400,000 barrels less than in that year. Cuba was the leading importer of wheat flour in 1943; purchasing 1.2 million barrels. Venezuela, Ecuador, and the British West Indies followed, their purchases totaling 403,000 barrels. Together these four countries accounted for 75 percent of the wheat flour sales. Mexico took 9.9 million bushels of wheat out of the 9.98 sold. Sales of both wheat and wheat flour were confined to the Americas in 1943.

Payments per bushel on wheat sold for export averaged 27.3 cents in 1943, as compared with 13.2 cents in 1942. Payments on flour increased from about \$1.28 per barrel to \$1.96. The rates established were based on the difference between the domestic price and prices of wheat and flour supplied by competitive countries. A special rate of \$2.64 per barrel was made, however, during the last three months of the year on flour sold for shipment to Cuba, in consideration of special rate given this country on sugar. A total of 700,000 barrels of flour were sold under this rate.

The following table indicates activities under this program from 1941-43 inclusive:

WHEAT AND WHEAT FLOUR SOLD FOR EXPORT
AND INDICATED PAYMENTS

Fiscal Year	WHEAT			WHEAT FLOUR		
	Exports	Indicated Payments	Average Payment	Exports	Indicated Payments	Average Payment
	Bushels		Cents per bu.	Barrels	Bu. Equiv.	Cents per bu.
1941	3,865,249	\$573,376	14.8	3,902,703	17,952,431	\$3,809,440 97.6
1942	7,806,726	1,027,481	13.2	2,592,434	11,465,199	3,183,341 127.7
1943 1/	9,985,254	2,728,739	27.3	2,156,720	9,920,912	4,240,393 196.3

1/ Preliminary.

Project 4. Diversion of agricultural commodities to byproducts and new uses:

Objective: To increase returns to producers by developing new uses for agricultural commodities, and to supply substitutes for critical domestic materials or for imported materials not available during the war.

The Problem and its Significance: The diversion programs, which are designed to reduce agricultural surpluses through the development of new uses, have been redirected to meet immediate war needs.

Under these programs in 1943, a binder twine with a cotton core was developed in conjunction with the War Production Board to stretch the limited supplies of honeysuckle and sisal as far as possible. Manufacturers purchased over 18 million pounds of low-grade cotton in 1943 for this use. Shortages of jute and other materials normally used in wrapping cotton bales prompted an increase in the production of cotton patterns in order to make available sufficient cotton bagging to wrap 25-30 percent of the cotton crop.

Whereas the cotton used in binder twine and bagging is replacing imported materials no longer available, the nicotine insecticide developed under this project is serving to alleviate critical shortages of both domestic and imported materials--derris root, copper, and arsenic.

A number of diversion programs are serving another wartime function in making possible the utilization of perishable or semi-perishable commodities in temporary surplus. These programs include the diversion of cabbage to kraut in 1943, and the diversion of Irish potatoes to starch in 1944.

The diversion programs are discussed in greater detail below:

Cotton for binder twine: Prior to the war the binder twine used in the United States was made from henequen and sisal, imported largely from the Philippines, and the Dutch East Indies. These sources are entirely cut off and the relatively small supplies produced in British East Africa, Mexico, Cuba and Haiti are needed for military use. The only surplus material suitable to supplement henequen and sisal for agricultural uses is cotton. A twine has been developed combining these materials by wrapping the henequen or sisal around a cotton core.

During 1943, over 18 million pounds of low-grade cotton were purchased by mills for processing into yarn for subsequent manufacture of binder twine. Payments of not more than 25 cents per pound of cotton yarn used are made to manufacturers to cover the cost of adapting equipment to the manufacture of cotton binder twine, and to hold the price of cotton binder twine to the approximate price level of regular binder twine.

Cotton insulation: Each year cotton insulation has won wider acceptance in the commercial markets and has moved steadily toward a self-sustaining basis.

During the past year, cotton insulation manufactured under the specifications of the Department was purchased by Army engineers for use in maintenance buildings along the Alcan Highway in Alaska, and for use in defense housing and Army trailer homes. Cotton insulation has proved to be one of the most efficient and generally satisfactory insulators produced.

The quantity of insulation processed has increased from 748,897 pounds in the 1941 calendar year to 1,822,825 pounds in 1942, and 6,118,366 pounds from January 1 through November 27, 1943. Sales became national in scope during 1942, and in the late spring of 1943 retail distribution was begun by a large chain. During the past year manufacturing technique has advanced considerably, including the development of a continuous system of processing from the raw stock through flame proofing and other treatments to the driers.

COTTON INSULATION PROCESSED AND RAW COTTON EQUIVALENT
Calendar Years 1940 - 1943
in Pounds

Insulation and Cotton Equivalent	:	1940	:	1941	:	1942	:	1943 1/
Cotton Insulation	:	54,625	:	748,897	:	1,822,825	:	6,118,366
Raw Cotton Equivalent	:	61,180	:	838,765	:	2,041,564	:	6,852,570
	:		:		:		:	

1/ Through November 27.

The acceptance of cotton insulation has required changes in building codes and Federal specifications; acquainting architects, engineers and contractors with the product, and ironing out processing difficulties. Under the program developed, indemnity payments are made to enable processors to sell insulation in the commercial market at a rate which will compensate for the extraordinary costs incident to the introduction of a new product. Since November, 1941, processors complying with the terms of the program have been eligible to receive 9 cents per pound on finished insulation.

Approximately 6.35 million pounds of cotton were used in the manufacture of cotton insulation during the first eleven months of 1943, as compared with a total utilization in 1941 of 839,000 pounds and in 1942 of 2,042,000 pounds. The potential annual outlet for cotton insulation would utilize 300 million pounds of cotton, or 10 percent of our normal domestic consumption, assuming that only 10 percent of the insulation market is served by cotton.

Seven concerns hold approved applications for the manufacture, sale and delivery of cotton insulation. One of these concerns expects to begin processing in January, 1944; the other six are already in production. This compares with one concern in 1940, two in 1941 and five during the calendar year of 1942. The concerns holding approved applications have plants located at Charlotte, North Carolina; Gilman, Connecticut; Janesville, Wisconsin; Flint, Michigan; Lockport, New York; Richmond, Virginia and Los Angeles, California.

Cotton Bagging for Cotton Bales: In past years, less than one-eighth of the cotton crop has been wrapped in bagging made from American grown cotton; the remainder was wrapped in bale coverings made from Indian jute or second-hand sugar bag cloth. This year sufficient cotton bagging will be available to wrap 25 or 30 percent of the cotton crop. The availability of this material has served to dispel fears of wartime shortages of other materials normally used for bagging.

Manufacture and sale of cotton bagging for cotton bales has increased rapidly under the Department's program. During the first eleven months of the 1943 calendar year, 2.09 million patterns were manufactured as compared with 1.9 million during 1942. Over 10.8 million pounds of raw cotton were used in the manufacture of this bagging. The potential market for cotton used for bale wrappings is estimated at 50-60 million pounds annually, or 2 percent of the total cotton consumption.

COTTON BAGGING PROCESSED AND RAW COTTON EQUIVALENT
Calendar Years 1940 - 1943
In Patterns and Pounds

Bagging and Cotton Equivalent :	1940	:	1941	:	1942	:	1943 1/
	:	:	:	:	:	:	:
Bagging (Patterns)	729,231	:	1,171,612	:	1,925,530	:	2,087,886
	:	:	:	:	:	:	:
Raw Cotton Equivalent (lbs.) :	3,792,001	:	6,092,382	:	10,012,756	:	10,857,007
1/ Through November 27							

The general practice of selling cotton bales by gross rather than net weight was a serious handicap to commercial acceptance of cotton bagging. Producers using cotton wrappings were penalized because the cotton wrappers weighed approximately 7-1/2 pounds less per bale than jute bagging. Steady progress has been made under this program in removing this artificial barrier. During the past fiscal year, all segments of the cotton industry amended their trading rules so as to make a uniform allowance of seven pounds for the lighter weight of cotton wrappers. This action was taken by the industry after cotton mills having approximately 2/3 of the spindles in the United States had, in cooperation with the Department, agreed to make such an allowance.

At the close of the fiscal year, five concerns were processing cotton bagging for cotton bales. A larger number of concerns would be manufacturing the material except that the Department, in cooperation with the War Production Board, has not allowed participation by any mill which would otherwise be engaged in the manufacture of cotton goods needed for the armed services. Patterns are now being processed at New Orleans, Louisiana; San Antonio, Texas; Little Rock, Arkansas; Anniston, Alabama; and Rock Hill, South Carolina.

The 1943 program originally provided for indemnity payments of 35 cents per pattern manufactured and sold. Because of increased labor and material costs, however, the rate of indemnity was increased from 35 cents to 40 cents per pattern on bagging manufactured and sold on or after April 1, 1943.

Miscellaneous Cotton Products: Among the products developed by the Department in its search for outlets for surplus low-grade cotton have been cotton mats for curing concrete; cotton fumigation cloth for the control of tobacco blue mold; cotton paper; cotton bagging for cotton bales; and cotton core binder twine.

Cotton mats are being manufactured and distributed nationally by a large commercial organization. Cotton fumigation cloth is being widely used in several tobacco-growing states; and cotton paper is now included in the specifications of the United States Government. These three products have already been established on a self-sustaining basis, and government programs for their development have been discontinued. Two other products, cotton bagging for cotton bales and cotton insulation, are steadily winning wider acceptance under current programs. A sixth, cotton for binder twine, is purely a wartime substitute.

Cotton Improvement Planting Seed: Recent fiber and spinning research has emphasized the fact that variety is more important than any other single factor in determining the quality and spinning utility of cotton, and that soil, climate, and other growing conditions are of secondary importance.

The usual practice in merchandising cotton is to bring together cotton from widely scattered localities for assembly into lots which are even-running in grade and staple lengths. Under this practice cotton lots of a given grade and staple length, but of many varieties and therefore of many characters, are included in the same lot delivered

to spinners. There are no practical standards covering such factors as strength and fineness and, therefore, in the majority of cases, spinners are unable to obtain large lots of cotton which are standardized as to character.

The Cotton Improvement Planing Seed Program is intended to encourage the growth of a single improved variety of cotton by all growers in large areas where growing conditions are uniform, in order to improve cotton quality, to increase yields per acre, and to standardize production by the elimination of the inferior varieties now being planted. Cotton standardized in this manner will be equal, if not superior, to foreign-grown cottons with which it must compete in foreign markets.

Under the 1943 program, about 248,334 acres in 5 states were planted with the 6,208,330 pounds of improved cotton seed purchased. Production of improved cotton is estimated at 128,431 bales or over 61,200,000 pounds. Over 14,100 growers participated. Payments made to grower associations were \$3.00 per 100 pounds of foundation seed; and \$1.50 per 100 pounds of Class B seed. Payments or advances to the grower are made by the associations at the rate of \$2.25 per 100 pounds for Class A seed, and \$1.10 per 100 pounds for Class B seed.

One of the limiting factors to growth of the one-variety movement has been the lack of adequate supplies of pure planting seed at reasonable prices. This program has stimulated the increase of good seed. In Tennessee, for example, the operating committees were able to locate only about 130 tons of first-year-increase seed for the 1943 program but they now estimate that, with reasonable yields from the foundation seed introduced under the 1943 program, 2,200 tons of first-year-increase seed will be available in that state for the 1944 season.

Tobacco Program: Increased production goals have greatly increased the demand for insecticides. At the same time the war has cut off imported materials such as derris root, and has limited the availability of critical domestic materials--copper and arsenic--formerly used in the manufacture of insecticides. Nicotine sulfate, a tobacco by-product, may be substituted in part for these scarce materials.

Since 1939, the export of American tobacco, of which dark types constituted the largest share, has practically ceased. As a result, a surplus accumulated which threatens to jeopardize the domestic market.

The tobacco diversion program serves a two fold purpose--to reduce the exportable surplus of certain types of low-grade dark tobaccos, and to assure production of needed quantities of nicotine sulfate for use in insecticides.

Nicotine by-products are manufactured largely from stems and nondescript tobaccos; the use of low-grade dark tobacco leaf is not commercially feasible because of its cost. Under this program, indemnity payments

are made to manufactures in order that nicotine sulfate for use in insecticides may be produced from surplus low grade leaf. During the fiscal year 1943, approximately 22 million pounds of tobacco leaf were diverted to the production of approximately 1,700,000 pounds of nicotine sulfate. Payments to manufacturers--representing the difference between the price paid for the tobacco leaf and the price which manufacturers could pay commercially on the basis of nicotine content--ranged from 2-1/2 cents to 12-1/2 cents per pound. Total indemnity payments for the 1943 program are estimated at \$2,093,000.

It will be necessary to continue and expand operations under this program in the next two years in order to restore the supply situation to its 1939 level and assure the production of estimated deficiencies in insecticide materials.

	1943	1944 1/	1945 1/
Leaf to be diverted	22,000,000 lbs.	30,000,000	30,000,000
Cost (Indemnity Payments)	\$2,093,000	\$3,000,000	\$3,000,000
Resulting production of nicotine sulfate	1,700,000	2,500,000	2,500,000
1/Estimated	<u>Outlook for Fire-Cured and Dark Air-Cured Tobacco</u> <u>1942 and 1943 Crop-Years in Millions of Pounds</u>		

	: Fire-Cured : Types 21-23	: Dark Air-Cured: : Types 35-36	: Total
1. Stocks, October 1, 1942	: 184.3	: 61.2	: 245.5
2. 1942 Production	: 72.6	: 29.8	: 102.4
Total 1942 Supply	: 256.9	: 91.0	: 347.9
3. 1942 Domestic Manufacture	: 48.0	: 25.0	: 73.0
4. 1942 Export	: 20.0	: 3.5	: 23.5
5. 1942 Diversion	: 18.3	: 3.3	: 21.6
Total, 1942 Disappearance:	: 86.3	: 31.8	: 118.1
6. Estimated Stocks 9/30/43	: 170.6	: 59.2	: 229.8
7. 1943 Production (Est.)	: 72.6	: 29.8	: 102.4
Total, 1943 Supply	: 243.2	: 89.0	: 332.2
8. 1943 Domestic Manufacture (Est.)	: 48.0	: 25.0	: 73.0
9. 1943 Export (Est.)	: 23.0	: 4.5	: 27.5
10. 1943 Diversion (Est.)	: 19.2	: 6.0	: 25.2
Total, 1943 Disappearance:	: 90.2	: 35.5	: 125.7
11. Estimated Stocks--9/30/44	: 153.0	: 53.5	: 206.5

Requirements and Supply of Nicotine Sulfate
Calendar Years 1943 and 1944

<u>Origin of Requirements and</u> <u>Source of Supply</u>	<u>1943</u> <u>Pounds</u>	<u>1944</u> <u>Pounds</u>
<u>Requirements:</u>		
	5,151,950	5,151,950
Domestic Agriculture and Veterinary	3,297,000	3,297,000
Export Obligations	937,000	937,000
Minimum Stocks, December 31	917,950	917,950
<u>Supply:</u>	3,817,856	3,128,856
Stocks, January 1	1,754,856	1,288,856
Production from Waste	2,063,000	2,063,000
<u>Deficiency:</u>	1,334,094	1,800,094

Irish Potato Products Program: During the fiscal year 1944, an Irish potato diversion program, similar to those in effect for the crops of 1937, 1940, and 1941, has been initiated. Payments will be made to manufacturers for diverting not to exceed 20,000,000 bushels of potatoes to by-products. The principal by-products to be produced are:

1. Root starch, used in the sizing of fine count materials.
- Recently because of lack of this starch, production of ballooncloth, parachute cloth and airplane fabric was curtailed.
2. Potato flour, used in bakery products, soup mixes and as a binder in various types of sausages.
3. Glucose, although normally not produced from potatoes, can be made from any starch. Its production from potatoes becomes increasingly important now since both sugar and corn supplies, normally used in manufacturing glucose, are relatively short.
4. Dextrine and adhesives.

The Cabbage Program: During recent years, sauerkraut has been packed and marketed in tin cans. Last year no tin was allocated for civilian supplies. In spite of reduced cabbage acreage, unusually favorable growing conditions produced approximately 160,000 tons of kraut cabbage, an 8 percent increase over the 10-year average. In the absence of tin containers, packers were reluctant to process normal supplies, fearing considerable sales resistance to kraut marketed in barrels. As a result, at the beginning of the harvest season the market for kraut cabbage was completely demoralized, with prices as low as \$4.00 per ton. A diversion program was introduced to assure growers a fair price and to prevent supplies from going to waste.

For every 45-gallon wooden barrel of kraut sold commercially, a payment of \$1.000 was made to the processor, provided he had used at least 1/3 ton of cabbage for which he paid at least \$7.50 per ton. In addition the Department agreed to purchase at 14 cents a gallon all kraut not sold by May 1, 1943.

1943
(Estimated)

Kraut produced	21,500,000 gallons
Packed for military and lend-lease requirements	5,500,000 gallons
Available for civilian use	16,000,000 gallons
Processed under this program	14,500,000 gallons
Obligations incurred for diversion payments	\$ 298,113
Kraut unsold as of May 1, 1943	1,100,000 gallons

About May 1, 1943, an amendment to conservation Order M-81 was announced making the use of frozen tin plate permissible in packaging kraut for civilian use. Packers were successful in obtaining sufficient quantities of tin to pack all their unsold kraut so no purchases were necessary.

The anticipated availability of glass and closures for sauerkraut, the experience gained by the kraut industry during the past season, together with the Department's announcement of a purchase program for all kraut not sold by packers as of May 1, 1944, should provide sufficient inducement for packers to process all kraut cabbage available. At present it appears that no diversion program will be necessary in 1944.

The Peanut Marketing Program: The Peanut Marketing Program, carried on under this appropriation from 1938, to 1942 was designed to insure reasonable prices to peanut growers for peanuts sold for oil production.

War Production Board Directive No. 7 gave Commodity Credit Corporation control over all oilseeds. Under this authority, the Corporation issued Oilseed Order No. 1 controlling the sale of excess peanuts. In order that the work might be more closely coordinated, the entire Peanut Marketing Program was transferred from the Food Distribution Administration to the Commodity Credit Corporation on February 27, 1943.

No obligations were incurred under this appropriation for the program during 1943, since according to the agreement of transfer, program and operating costs were to be paid from earnings of the program or funds available to Commodity Credit Corporation.

Relief Milk Program: The provision of milk to qualified relief clients or public relief agencies was designed to encourage consumption of fluid milk by increasing its utilization among persons in low-income groups. The program was started in the Boston area in 1939 and by March, 1941, had been extended to six heavy milk marketing areas.

During the past year the program was operated on a limited scale. On June 30, 1943, the program was suspended because of the increased demand for milk and milk products, and prospects of a shortage.

The following table summarizes activities under the relief milk program during the fiscal year 1943:

Activities under Relief Milk Program

Fiscal Year 1943

(Subject to Revision)

Area	Average Participation (Persons)	Method of Distribution at Termination of Program	Total Quarts Distributed	Cost to FDA	Average Federal Payments Cents per Quart	Cost to Relief Client Cents per Quart
New York	93,145	Retail Stores	16,601,659	\$ 755,407	4.55	5.0
Boston	58,150	Retail Stores	10,005,550	429,957	4.30	6.0
Manchester	2,019	Stations	246,412	10,869	4.41	5.0
Washington, D. C. 1/	14,931	Stations	63,465	3,808	6.00	5.0
Chicago	59,379	Home Delivery	13,343,477	528,621	3.96	5.0
St. Louis	3,200	Plants & Trailer Trucks	453,440	17,952	3.96	5.0
New Orleans 2/	24,951	Stations	1,149,980	37,514	3.26	5.0
Total	255,775		41,863,983	\$1,784,128	4.26	

1/ Discontinued July 31, 1942

2/ Discontinued December 31, 1942

Walnut Export and Diversion: At the beginning of the 1942-43 walnut marketing season, unusual surpluses appeared to be jeopardizing the walnut market. In addition to the normal carry-over of 5,150,700 pounds of unshelled walnuts, a very large carry-over of 9,395,757 pounds of shelled walnuts existed. Furthermore, the export market had disappeared. A program, similar to those operated during the seven previous seasons, was then initiated under which 35 percent (later reduced to 10 percent) of the 60,600 ton crop, valued at \$18,000,000 was designated as surplus. The surplus, when shelled or exported, was eligible for benefit payments.

During the season there were practically no imports of walnuts and relatively small imports of competing nuts. The resulting demand for domestic nuts absorbed all available supplies at sharply increased prices. At the end of the season, prices to walnut growers had reached 22 cents a pound as compared to last season's average price of 12.6 cents. Prices for unshelled walnuts were such as to return to growers approximately the same price as shelled walnuts.

Under these conditions, the program is being suspended. A resume' of the walnut export and diversion program for the past eight seasons is presented in the following table.

Activity under Walnut Export
and Diversion Program

Year	Percentage of Crop: Declared Surplus	Surplus Diverted (100 pound bags)	Diversion Payments to Growers	Rate of Payment (Cents per pound)
1935-36	30	258,522	\$ 1,249,414	4.83
1936-37	25	164,436	1,040,807	6.33
1937-38	35	320,889	1,408,672	4.39
1938-39	20	174,516	839,436	4.81
1939-40 Adjusted to	40 35	309,379	1,201,806	3.88
1940-41 Adjusted to	25 15	110,861	416,306	3.75
1941-42	35	351,479	1,250,000	3.56
1942-43 Adjusted to	35 20	74,687	279,837	3.75
Adjusted to	10			

- 18 -

In addition to the above payment to growers, supplemental nacker programs involving payments to packers for export or shelling were conducted as follows:

1936-37	\$200,000
1938-39	240,000
1940-41	187,500

Project 5. School milk and lunch program:

Objective: To assist needy school children of the Nation to obtain their minimum food requirements.

The Problem and its Significance: Seasonal and local food shortages and rising prices, and the increasing number of women who are being absorbed into war industries, make more urgent than ever the need for assuring that the food needs of our children are not overlooked. Historically, wars have meant unbalanced diets, sub-normal nutrition, and frequently starvation itself. Modern governments, however, have made unprecedented efforts to insure an adequate wartime food supply for their citizens. The Community School lunch Program is designed to make certain that this is done for school children.

While the need for a good lunch is universal to all school children, it is particularly important that lunches be provided to those children of families whose inadequate income has not been materially improved by war prosperity. An estimated 11,070,000 children under 16 are living in families whose annual money income is \$1,500 or less; and of these, 4,090,000 are living in families with an annual money income of \$750 or less. The diets of most of these children have suffered heavily from the 49 percent increase since August, 1939 in retail food prices, and by the suspension of the Food Stamp Plan and the dwindling distribution of surplus commodities.

It is particularly important that school lunches be provided for those children whose mothers are employed. As early as December, 1942, it was estimated that 2,300,000 women with children under 16 were working. This was at a time when the total employment of women was estimated at 14,900,000. There are now over 17,000,000 women employed, and the War Manpower Commission is asking for 2,000,000 more women workers before January, 1944. Long working hours, food shortages, poor transportation, and in many cases poor living quarters make it impossible for many working mothers to prepare properly cooked meals. For them, the School Lunch Program is a vital wartime service which cuts down absenteeism and labor turn-over.

General Plan: The School Lunch Program is basically a community enterprise, relying on local initiative for its administration and sponsorship as well as for the major part of its financial support. The full cost of labor and equipment is borne by the community, aided in some cases by the state. An increasing number of communities are undertaking community gardens and canning projects, and making them established parts of the School Lunch Program.

Under the wartime plan of operation, the food purchasing job also has been shifted to the local sponsor. Under this plan, the Food Distribution Administration designates commodities for which sponsoring agencies may be reimbursed. Indemnity payments range from 2 to 9 cents per meal depending on the type of meal served. It is estimated that the average cost per meal to the Food Distribution Administration will be about 6 cents, because the serving of hot, complete

lunches is being encouraged. In no case do payments exceed the cost of the food purchased. Although the School Lunch and School Milk Programs have been merged administratively for greater efficiency in operation, the identity of the Milk Program has been retained by a class of lunch consisting of milk only.

Allocations of funds among the States are based on school enrollment; probable participation, based on past experience; and need as measured by State certification of low income families.

Nonprofit, public, private, or religious schools or child welfare centers where need exists are eligible to participate. Lunch must be offered to all children attending the school or welfare center, and will be served without cost to children unable to pay.

COMMUNITY SCHOOL LUNCH PROGRAM
FDA Payment by Type of Lunch, 1944

Type of Lunch		Maximum Payment
		per Meal
<u>Type A.</u>	A complete lunch providing one-third to one-half of the day's nutritive requirements:	
	(1) one-half pint milk; (2) two ounces of meat or fish, or one egg, or two ounces of cheese, or one-half cup of dry peas, beans, or soybeans, or four tablespoons of peanut butter; (3) one cup of vegetables or fruit; (4) one or more slices of bread or muffins or other hot bread, made of whole grain or enriched flour or cereal; (5) two teaspoons of butter or oleomargarine with added vitamin A.	
		\$.09
<u>Type B.</u>	A lunch less adequate nutritionally; (1) one-half pint milk; (2) one ounce of meat or fish, or one-half of an egg, or one ounce of cheese, or one-fourth cup of dry peas, beans, soybeans, or two tablespoons of peanut butter; (3) one-half cup of vegetables or fruit; (4) one or more slices of bread or muffins or other hot bread, made of whole grain or enriched flour or cereal; (5) one teaspoon of butter of oleomargarine with added vitamin A.	
		.07
<u>Type C.</u>	One-half pint of milk	.02

Progress and Current Program: During the 1943 school year, a monthly average of 4,357,000 children, or 15 percent of the school population, received some type of lunch through the Community School Lunch Program. Lunches were served to an additional 102,000 children in day care centers, settlement houses, children's homes, and summer camps. During the school year, 1,365,784 children also received milk as compared with 501,673 during 1942.

Approximately 278,854,000 pounds of food with an estimated retail value of \$29,800,000 were distributed by the Food Distribution Administration for use in school lunches. The estimated cost of these commodities to the Food Distribution Administration was \$17,563,000 or an average of 2.4 cents for 744,647,000 lunches served. The cost of the indemnity program to the Food Distribution Administration during 1943 was \$978,000, or an average of 3.51 cents per meal for 27,700,000 meals.

A total of 254,294,000 half pints of milk were distributed at a cost to the Food Distribution Administration of \$4,826,000 or 1.88 cents per half pint. Of the children receiving milk, about 14 percent received milk free; the rest paid not more than one cent per half pint.

Community garden and canning projects as an additional source of food are becoming an established part of the School Lunch Program. Of 53,870 schools reporting in February, 1943, 6,480 or 12 percent planned gardens, and 7,210 or 13 percent planned canning or other food preservation projects in order to supplement aid provided by the Federal government. Additional food for the lunches, as well as equipment, facilities, and labor, must be provided by State and local agencies and civic organizations.

Twenty-seven States have either appropriated funds or furnished personnel for the School Lunch Program. Efforts are being made to enlist the financial cooperation of other States as rapidly as possible.

PROPOSED PLANS FOR SCHOOL LUNCH PROGRAM
FISCAL YEAR 1944

State	Allocation of Section 32 funds		State Participation		Estimated Peak Par- ticipation
			Funds 1/	Personnel 2/	
Alabama	\$820,800	\$8,000	State sup.; clericals		\$150,000
Arizona	259,200	Local taxes:	- - -		25,000
Arkansas	979,200	250,000	State supervisor		147,920
California	1,929,600	Local taxes:	- - -		225,000
Colorado	403,200	- - -	- - -		40,320
Connecticut	350,400	Local taxes:	- - -		35,040
Delaware	52,800	- - -	- - -		5,280
Dist. of Columbia 3/	129,600	69,000 4/	Supervisor & Staff		40,000
Florida	1,128,000	Local taxes:	State supervisor & sec.		150,000
Georgia	2,208,000	32,000	State supervisor; cleri.		224,000
Idaho	268,800	- - -	- - -		26,880
Illinois	2,040,000	1,500,000	Supervisor & 2 nutri- tionists		188,888
Indiana	902,400	- - -	- - -		120,000
Iowa	691,200	- - -	- - -		69,120
Kansas	672,000	- - -	- - -		50,000
Kentucky	1,262,400	6,000	State Home Econ.; Superv.		128,000
Louisiana	1,094,400	250,000	State supervisor		134,440
Maine	345,600	- - -	- - -		35,000
Maryland	331,200	- - -	- - -		33,000
Massachusetts	1,507,200	32,000	Exec. Sec., S.L. Committee:		150,700
Michigan	1,857,600	- - -	- - -		185,760
Minnesota	1,363,200	20,000	- - -		250,000
Mississippi	1,488,000	- - -	Super. Ass't. Supervisor		180,000
Missouri	1,272,000	Local funds:	- - -		150,000
Montana	244,800	Local taxes:	- - -		24,480
Nebraska	408,000	- - -	- - -		35,000
Nevada	38,400	Dept. of Edu. funds	State superv.; & staff		3,500
New Hampshire	120,000	- - -	- - -		12,000
New Jersey	1,017,600	- - -	- - -		100,000
New Mexico	288,000	100,000	State supervisor		28,800
New York	4,094,400	Amount not stated	Superv.; clericals		409,440
North Carolina	1,430,400	86,980	State superv.; cleri.		150,000
North Dakota	312,000	Local appro- priations	- - -		35,000
Ohio	1,824,000	Local taxes:	- - -		200,000
Oklahoma	1,291,200	300,000	State supervisor		123,500
Oregon	326,400	- - -	- - -		35,000

State	: Allocation :		State Participation		: Estimated
	: of Section 32:		Funds 1/	Personnel 2/	: Peak Par-
	: funds :				: ticipation
Pennsylvania :	2,889,600 :	10,000	:	Superv. & 2 clerks	: 288,960
Rhode Island :	144,000 :	15,000	:	- - -	: 14,900
South Carolina :	1,564,800 :	176,500	:	Superv. & Asst. superv.	: 385,000
South Dakota :	297,600 :	- - -	:	State supervisor	: 100,000
Tennessee :	1,464,000 :	25,000	:	State superv.; clericals:	: 149,400
Texas :	2,966,400 :	- - -	:	State supervisor	: 296,640
Utah :	283,200 :	400,000	:	State supervisor	: 80,000
Vermont :	148,800 :	29,500	:	Supervisor & Sec'y.	: 19,023
Virginia :	782,400 :	4,000	:	State supervisor	: 95,000
Washington :	696,000 :	15,000	:	State supervisor	: 70,000
West Virginia:	878,400 :	106,500	:	State superv.; clericals:	: 89,470
Wisconsin :	936,000 :	- - -	:	Nutritionist; 12 part-	:
Wyoming :	91,200 :	- - -	:	time workers	: 93,600
Insular &	:	:	:	- - -	: 9,120
Territorial :	:	:	:		:
Caribbean :	:	:	:		:
Area 5/ :	2,000,000 :	:	:		: 225,000
Hawaii :	105,600 :	- - -	:	Superv.; field rep. staff:	: 10,560
TOTAL :	50,000,000 :	3,435,480	:		: 5,827,741

1/ Some states have appropriated funds; others have passed legislation authorizing use of existing funds such as Nevada and New Mexico. Other states have authorized local bodies to tax or use available local funds. The state funds are generally available for state administration as well as program costs.

2/ If state appropriation has been made, the state personnel is paid from this fund.

3/ Will be milk only.

4/ Includes funds for the Community Canning Center.

5/ Commodities purchased by FDA will be donated to the Insular Government.

Project 6. Administration of exportation and domestic consumption of agricultural commodities, including marketing agreements, orders, and activities programs:

Objective: This project provides for the general administrative direction and supervision of all phases of the programs and activities under this appropriation.

The Problem and its Significance: The violent shifts in the normal relationship of supply and demand such as inevitably occur under the strain of a wartime economy produce serious repercussions in the marketing system. These shifts make necessary the development of effective means of adjusting or alleviating emergency conditions and the prompt and economical execution of such plans. Without effective action, transportation and marketing facilities may be overloaded; producers may suffer heavy losses; and future production of crops needed for the war effort may be imperiled. Every effort is made in developing and administering domestic consumption programs to anticipate and cushion temporary market fluctuations and to absorb the impact of abnormal market conditions.

General Plan: The commodity branches of the Food Distribution Administration analyze continuously and exhaustively the supply, demand, price, and uses of all agricultural commodities, and, after consultation with producers, handlers, shippers, processors, warehousemen, and exporting groups, formulate the type or types of programs best adapted to effectively meet the problems involved. Prior to the adoption of a particular program, representatives of the management units of the Administration, together with representatives of the Solicitor's Office, are consulted with regard to fiscal, staffing, facilities, enforcement, and legal questions which may be involved. Such consultation results in practical suggestions for simpler or more efficient methods of operation which may be taken into consideration prior to execution of the plans, and brings about a mutual understanding of the methods and procedures of operation on the part of the several officers involved which leads to more efficient and effective administration of the program.

Programs for the diversion of commodities to by-products or new uses are operated under contractual agreement with shippers, processors, or other industry groups, under the supervision and direction of the appropriate commodity branch.

The programs under this appropriation require close cooperation, not only among the various organizational units within the Department but with other agencies, such as War Production Board, Office of Price Administration, Maritime Commission, and Office of Economic Stabilization, whose programs affect the agricultural situation. In addition to co-operative action with other Federal agencies, close working relations are maintained with farmer associations, representatives of agricultural groups and industries, bankers, grocers, social workers, and relief and education organizations. Cooperative work with these agencies in planning, conducting and evaluating the numerous methods of meeting problems arising out of the war provides the basis for wider public understanding of the problems of marketing.

Examples of Current Activities: There were 26 milk marketing agreements in effect during all or part of the 1943 fiscal year. Approximately 130,000 producers, handling about 14 billion pounds of milk worth more than 408 billion dollars, were subject to the marketing agreement program.

Twenty-one hearings were held during the year, 20 at the request of producers principally on questions of price increases, and one on an Emergency Price Amendment.

Many of the marketing agreements and orders have provisions for seasonal price reductions for the summer months. Provisions of this type were suspended during 1943 in order to encourage production in a number of Federal markets.

Relief milk provisions in agreements and orders providing that producers get less for milk used for relief purposes than for milk used for other fluid uses, were suspended in several of the markets.

There were about 130 legal actions involving noncompliance with orders pending on July 1, 1943. Noncompliance represented only about 5 percent of handlers who are subject to milk orders and less than 1 percent of the volume of milk regulated under milk orders.

A number of research projects, both on a national and local market basis, were undertaken to ascertain all practical possibilities for the effectuation of economies in fluid milk distribution. As a result of this effort a series of conservation measures of sufficient scope to affect the price of milk to consumers were developed.

The following table shows preliminary estimates of total number of producers and producer-distributors, estimated total volume and estimated total returns to producers in various markets under Federal control during the fiscal year 1943:

Market	: Number of : producers : and producer: : handlers	: Estimated : total : volume	: Estimated : total : returns to : producers
	: Number	: 1,000 pounds:	: Dollars
Battle Creek, Mich.	: 258	: 25,365	: 737,243
Boston, Mass.	: 14,157	: 1,232,805	: 36,834,033
Chicago, Ill.	: 17,658	: 2,364,545	: 65,862,576
Cincinnati, Ohio	: 4,636	: 244,093	: 7,915,503
Denver, Colorado <u>1/</u>	: 1,498	: <u>2/</u> 79,967	: 2,077,479
Dubuque, Iowa	: 174	: 24,623	: 623,246
Duluth-Superior, Minn.-Wis.	: 1,403	: 89,999	: 2,549,783
Fall River, Mass.	: 302	: 41,724	: 1,701,096
Fort Wayne, Ind.	: 699	: 41,028	: 1,247,306
Kansas City, Mo.-Kans.	: 1,570	: 187,192	: 5,703,068
La Porte Co., Ind.	: 232	: 16,339	: 490,223
Louisville, Ky.	: 1,630	: 164,060	: 5,337,278
Lowell-Lawrence, Mass.	: 915	: 89,470	: 3,372,119
Memphis, Tenn. <u>3/</u>	: 383	: 24,199	: 910,123
New Orleans, La.	: 2,197	: 150,472	: 4,763,508
New York, N. Y.	: 55,178	: 6,079,830	: 180,964,549
Omaha-Council Bluffs, Nebr.-Ia.	: 2,348	: 130,872	: 3,580,712
Philadelphia, Pa.	: 9,748	: 971,095	: 34,693,982
Quad Cities, Ill.-Ia.	: 1,198	: 84,857	: 2,229,949
St. Louis, Mo.	: 3,782	: 362,116	: 11,466,371
Sioux City, Iowa	: 562	: 36,246	: 943,735
Toledo, Ohio	: 2,116	: 121,441	: 3,668,362
Topeka, Kansas	: 187	: <u>2/</u> 19,915	: 565,512
Twin Cities, Minn.	: 5,435	: 501,210	: 13,932,157
Washington, D. C.	: 1,588	: 401,180	: 14,883,712
Wichita, Kansas	: 387	: <u>2/</u> 46,071	: 1,330,268
	: :	: :	: :
Total	: 130,241	: 13,530,714	: 408,383,893

1/ License suspended January 15, 1943.

2/ Reported as butterfat and converted to milk equivalent.

3/ Order effective October 4, 1942. No figures reported after January 19, 1943 - terminated June 22, 1943.

Twenty-two marketing agreement programs were in effect during fiscal year 1943 for fresh fruits and vegetables. Of these, 11 were in actual operation, seven of which operated during the entire crop marketing season. More than 75,000 growers were subject to the marketing agreements in actual operation. Two of the agreements were in their tenth consecutive year.

The following table shows the approximate number of growers and estimated farm value of commodities subject to marketing agreements during the fiscal year 1943:

Approximate Number of Growers and Estimated Farm Value of
Commodities with Marketing Agreement Programs in Effect
During the Fiscal Year 1943

Commodity and Area	Number of Growers	Farm Value
		1,000
		dollars
Buerre Hardy Pears - California **	500	1/
Fresh Bartlett Pears, Plums and Elberta Peaches - California *	7,500	12,700
Fresh Peas and Cauliflower - Colorado	650	2,400
Fresh Prunes - Washington and Oregon	600	1,900
Grapefruit - California and Arizona Desert:	1,450	3,900
Hops - Oregon, California, Washington, and Idaho **	950	15,200
Lemons - California and Arizona *	6,500	32,900
Onions - Colorado **	1,100	3,100
Onions - Utah **	180	400
Oranges, Grapefruit and Tangerines - Florida	20,000	94,500
Oranges - California and Arizona *	20,000	123,000
Peaches - Colorado **	600	3,200
Peaches - Utah **	2,000	700
Peaches - Georgia	600	10,000
Potatoes - Colorado **	4,200	16,800
Potatoes - Idaho and Oregon **	9,300	27,900
Potatoes - Oregon and California **	1,200	16,100
Potatoes - Michigan, Wisconsin, Minnesota, and North Dakota **	110,000	49,400
Tokay Grapes - California *	1,500	2,300
Tomatoes - Mississippi **	2,000	800
Walnuts - California, Oregon, and Washington	14,000	17,400
Winter Pears - Oregon, Washington, and California	3,000	11,000
Total - Programs in Effect	207,830	445,600
Total - Programs in full or part operation:	75,800	312,000

* In operation part of fiscal year 1943.

** Not in operation during the fiscal year 1943.

1/ Only 2 cars shipped under agreement; remainder diverted to cannery.

The Victory Food Special (now Victory Food Selection) program was inaugurated in May, 1943, to focus trade and consumer attention on the most abundant foods in order to encourage more effective use of the Nation's total food supply. After eight very successful months of operations, the program was suspended in January, 1943, because of growing food shortages.

One means of effecting conservation and better use of our fresh fruit and vegetable production is the program for promoting the development of a Community Food Preservation Program. The program was initiated to meet the demands of communities, particularly in urban areas, for facilities to process fruits and vegetables for home and school lunch use. It has proved to be an effective means of utilizing local surpluses and is an excellent potential outlet for produce purchased under price support programs. Policy and plans are now being developed in collaboration with the Extension Service and the Office of Education. The food preservation program will be coordinated and developed within the states in accordance with instructions, suggestions and program policy set forth by the Director of Food Distribution.

(b) Salaries and Expenses, War Food Administration

Estimated allotment, 1944 (including \$1,503,943 anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943)\$11,595,443
 Budget estimate, 1945 13,100,000
 Increase+ 1,504,557

PROJECT STATEMENT

Project	1943	1944 (estimated)	1945 (estimated)	Increase or decrease
1. Determination of total food requirements and assignment of allocations based on available food supplies	\$277,069	\$1,887,015	\$2,170,750	+ \$283,735
2. The planning, preparation, supervision, and direction of food distribution orders...	415,128	2,330,867	3,170,355	+ 839,488
3. Securing compliance with and enforcement of food distribution orders	952,419	6,391,286	6,520,895	+ 129,609
4. Ascertaining requirements for and providing critical materials and facilities in the food processing industry ..	155,850	230,078	265,000	+ 34,922
5. Civilian requirements, nutrition and food conservation ...	218,809	750,197	973,000	+ 222,803
Transferred to "Salaries and expenses, Procurement Division, Treasury Department"	--	+ 6,000	--	- 6,000
Unobligated balance ...	305,907	--	--	--
Total available	2,325,182	11,595,443	13,100,000	+1,504,557(1)
Allotted from "Salaries and expenses, War Food Administration"	-2,325,182	-11,595,443	-13,100,000	
Total estimate or appropriation	--	--	--	

INCREASES

(1) The increase of \$1,504,557 in this item is for establishing on a full-year basis in 1945, programs initiated in 1944, and for necessary expansion in the number of food distribution orders and compliance activities.

Objective: To insure the efficient distribution of food to meet war and essential civilian needs.

The Problem: During the 1930's we believed that this country had a boundless capacity for food production. There was some basis for that belief --on the surface, at least. Up to 1941, one of the country's most serious problems was that of surpluses. There was more food than people were able to buy.

But gradually, as participation in the war effort heightened, the situation began to change. Wartime demands exerted increasingly greater pressure on our food supplies, until today the problem is to meet unlimited demands with limited supplies.

The largest demands come from American civilians, who, with their tremendous purchasing power, could use all the food produced. But war needs have to be met too. Our armed forces must be fed, both at home and abroad, and stockpiles must be built for future use. Failure to have provided the necessary food would have made the raising of our armed forces and the task of maintaining them virtually impossible. The British, the Russians, the Fighting French, and others of the United Nations must be assisted. Our Territories, the Red Cross, friendly nations, and occupied areas also require food.

General Plan: The problem of dividing our supplies among legitimate claimants has been solved in large degree through a system of allocation. With the organization of the Food Distribution Administration by Executive Order 9280 on December 5, 1942, authority was delegated to set up a mechanism for allocating U. S. food supplies. This procedure assures adequate diets to civilians, provides for the needs of our own armed forces, and makes available to our allies and certain other claimants a share of our supplies.

Allocations require specific controls to assure the carrying out of the distribution program. These specific controls are food orders which cover practically every important phase of food distribution. In general, these orders exercise control at the processing level; rationing imposes control at the consumer level. Through use of orders, Government procurement has been equitably distributed throughout production areas.

Food orders are effective only to the extent that their provisions are followed. Promotion of full understanding of their necessity is the

major phase of the compliance problem; prompt prosecution of wilful violators is the other. Regulatory measures have been issued only when required. But when a regulation is necessary, we cannot be hesitant about enforcing it. Experience has shown that the mere issuance of an order has little effect, without promotion, education, and when necessary, strict enforcement.

Distribution control, however, does not always assure adequate nutrition. Despite rising incomes and the ability to buy more food, civilians are finding that there are many things they do not know about the nutritional qualities of foods, meal planning, food buying, cooking methods, storing, preserving, and the like.

The diets of war-industry workers, for example, have a direct bearing on their performance and upon absenteeism. In many instances where there are new industrial plants, no feeding facilities are provided. In other instances the meals provided are inadequate. By visiting industrial areas and discussing feeding problems with management, nutrition authorities have been instrumental in installing facilities and in improving the quality of the meals served.

WORK UNDER THIS APPROPRIATION

Project No. 1. Determination of total food requirements and assignment of allocations based on available food supplies.

Objective: To allocate equitably available United States food supplies among civilian, military, allied, and other claimants.

The Problem: Wartime demands for food are so tremendous that shortages of some foods already have developed and more shortages can be expected, in spite of the fact that this nation a few years ago was confronted with huge agricultural surpluses, and production during the past three years has exceeded all previous records.

With tremendously expanded purchasing power, civilian requirements cannot now be met for some foods, even if none was going to the armed forces and our allies. Substantial amounts must, however, be reserved for the immediate needs of our Army and Navy, and for the British, Russians, and other eligible Lend-Lease claimants. In addition, stockpiles must be accumulated for future military emergencies and for meeting the food needs of the civilians of liberated areas. Large shipments of food already have gone to the United Kingdom and to British outposts all over the world; to Russia; to the Fighting French and to French outposts; to Greece, Yugoslavia, and Poland. War Relief organizations - - the American Red Cross, the Canadian Red Cross, British War Relief, Russian War Relief, Hadassah - - have asked for food to relieve privation and to feed United States

and other Allied prisoners of war. U. S. territories, - - Alaska, Hawaii, and Puerto Rico - - have been supplied on an emergency basis. Governmental agencies have requested food for such important projects as the Alcan Highway in Canada, for rubber workers in Central and South America, and for provisioning merchant ships. Large quantities of food have gone for the relief of liberated peoples of North Africa and Sicily.

Not all of the urgent and vital claims against our food supply can be met. Some central agency must be available where the various demands can be weighed against each other and a decision reached as to their relative priority. When these decisions have been reached, definite allocations can be made and the machinery for fulfilling them set in motion.

Food Requirements

a. Civilians. The claims of American civilians against our total food supply are well supported. Civilians are turning out vast quantities of war supplies - - planes, ships, guns, bombs, and thousands of other items needed by our fighting men. Never in recent years have the manpower resources of the nation been so completely utilized. Those not engaged directly in war production are serving those who are. And as war workers, our civilians must be fed if they are to maintain their health and productive efficiency.

There is a vast difference between needs and wants, however. Our civilians want more than they have ever before consumed. In view of the extraordinary demands on our food supply, it is the responsibility of the Food Distribution Administration to see that civilians get sufficient food to maintain productive efficiency and home front morale. The yardstick for an adequate diet is the standard of nutrition worked out by the Food and Nutrition Board of the National Research Council. This group has recommended specific allowances of calories, proteins, fats, vitamins, and minerals - - having in mind age, sex, and degree of activity of various segments of the population. In addition, there are special needs, such as those for infants, invalids, diabetics, and workers in heavy industries, which must be determined. The Food and Nutrition Board points out that if food is well distributed and carefully conserved and prepared, we can be better fed than ever before even with less variety and loss of the luxury foods.

b. U. S. Armed Forces. It has been the policy of the Food Distribution Administration to meet, as far as the supply situation would permit, the needs of the armed forces - - both as to quantity and kind of food desired. This is true both for current needs and for stockpiles. For men quartered in this country, the Army and Navy require at least a 90-day reserve supply to be sure that the right food will be available at the right time. For men stationed overseas, a 9 month supply of essential processed foods must be continually available. For the armed forces as

a whole, about 13 percent of total supplies were set aside during the fiscal year 1943-44.

c. Allies and Other Groups. It is good strategy to supply our Allies with as much food as possible after minimum requirements for civilians and U. S. armed forces are met.

American food supplies, for example, have been of immeasurable assistance to Russian fighters. Moving in well-protected convoys - - first to Arctic ports and later to the Persian Gulf - - ships have carried dried eggs, pork, lard, some butter, linseed oil, cereals, and many other vital food items. These shipments helped to keep the Russians in the fight and give the other Allies a chance to prepare for the final battle.

Great Britain in peacetime relied on imports for most of her food - - particularly animal proteins and fats. With the outbreak of war, her usual sources of supply were cut off, and ships were not available for the long haul from her overseas dominions. In March 1941, the Lend-Lease Act was passed and within a month food was on the way.

As more lands come within the control of the United Nations, the demands on our food resources are certain to increase. In order to insure that adequate protection is given to the needs of our own civilians and fighting forces, some method of regulating the flow of commodities to the various claimants is required. It is to fill this need that allocation control was established.

The Plan: Generally, the allocation procedure involves the assembling and "processing" of all data on supplies and requirements, the preparation of recommendations and supporting statements, negotiations with production officials and foreign and domestic claimant agencies, the preparation of records, dockets, and reports, and the preparation, for final approval by the Director of Food Distribution and the War Food Administrator, of recommendations for the division of the total supply. Over a hundred different commodities are subject to allocation, and the needs of nearly a hundred separate claimants must be considered when allocations are made.

Firm allocations are made on a quarterly basis and include commodities going into reserve during each period. Reserve stockpiles insure a continuous flow of supplies throughout the year and are available to meet future emergencies such as the feeding of civilians in liberated areas.

For example, the U. S. Army depends very largely on beef for its animal protein. This means that in fulfilling the needs of the United Kingdom and the U.S.S.R. for meat, they must be given a high percentage of pork; and it also means that U. S. civilians do not get as much beef as they would like or are able to buy. The table below shows meat allocations for the 1943-44 fiscal year.

Commodity	Total : allotable : supplies	Allocation July 1, 1943 to June 30, 1944					: Apparent : Civilians : Consumption
		Contin- : gency : Reserve	Military : and war : Services	Other 1/ : Exports and: : Shipments	U.S. : Civilians : Average		
	: Million : Pounds	: Million : Pounds	: Million : Pounds	: Million : Pounds	: Million : Pounds	: Million : Pounds	
Meats							
Beef	: 8,977.2	: 771.1	: 2,098.3	: 97.0	: 73.3	: 5,937.5	: 7,099.4
Veal	: 1,126.0	: 4.0	: 204.4	: 7.5	: 1.1	: 909.0	: 1,037.4
Lamb & Mutton	: 834.4	: 4.0	: 154.0	: 134.8	: 1.8	: 539.8	: 868.2
Pork	: 12,345.6	: 492.7	: 1,419.0	: 3,042.9	: 80.1	: 7,310.9	: 7,285.6
TOTAL	: 23,283.2	: 1,271.8	: 3,875.7	: 3,282.2	: 156.3	: 14,697.2	: 16,290.6

1/ Includes Red Cross and foreign relief and rehabilitation.

In a country as large and diverse as the United States, various segments of the population display spectacular differences in income levels, consuming habits and needs. Average per capita figures for the nation are not satisfactory as a basis for determining the adequacy of food supplies. The needs of all groups in this country and elsewhere must be compared and evaluated in order to make substitutions and adjustments in availability.

The President has directed the War Food Administrator to allocate U. S. food to Governmental agencies and for direct and indirect military, other governmental, civilian, and foreign needs. The Administrator, in turn, has delegated authority to the Director of the Food Distribution (1) to assemble food requests from all "claimant agencies", (2) to adjust them in terms of supplies, and (3) to resolve conflicts where possible. The needs of these "claimant agencies", when added together, represent the demand for U. S. food supplies today.

The Army and Navy each as a spokesman. The Civilian Food Requirements Branch of FDA represents the U. S. civilian population. Claims of American territorial possessions - - Alaska, Hawaii, Puerto Rico - - are presented through the Department of the Interior. Requirements are also received from the British and Russian governments and other neutral and friendly nations through the Foreign Economic Administration. Other claimants are the American Red Cross, War Shipping Administration, and the Veterans Administration.

Each claimant presents two types of claims: First, for the following year, by quarters, and, second, on an annual basis for 2 years in advance. These claims must be thoroughly justified before all other claimants, and every effort is made to arrive at an agreement among all concerned as to what the firm allocation should be.

While claims are being presented, Supply Estimate Committees, composed of commodity experts from the War Food Administration and the Bureau of Agricultural Economics, check every known source of information for data on supplies available or in prospect. Then a trial balance is made, setting requirements for each commodity against the estimated supply.

If the supply is substantially larger than requirements - - as in the case of wheat - - there is, of course, no need for the allocation of that commodity. But if the supply is short, each claimant is asked to rejustify his requirements on the basis of their urgency and importance to the war. Oftentimes the FDA suggests more plentiful foods as substitutes - - for example, soybeans instead of animal proteins - - but sometimes the only solution is to pare or eliminate the request.

The next step is to review both the trial balance sheets, and adjustments in the Food Requirement and Allocation Commodity Sub-Committees. These Sub-Committees, one for each commodity group, are composed of commodity specialists from the various claimant agencies. The chairman of these sub-committees is the Commodity Branch Chief of FDA and the secretary is designated by the chief of the Requirements and Allocations Committee. Each of them is a specialist, not only in the commodity itself, but also in the need of his particular agency for that commodity. The members exchange further information about their relative need. At this point

the claimants usually agree on a suggested allocation of supplies, which is submitted to the Director of Food Distribution. If complete agreement is not reached, the issue is submitted to the Director.

He reviews the suggested allocations with the Food Requirements Allocations Committee, of which he is chairman. This committee, representing all claimants, is advisory and its ability to perform its functions is based on a broad grasp of the aims of the agencies it represents.

The Combined Food Board -- which considers the food resources of the United Nations as a common pool and recommends the way in which they are to be used -- is consulted when U. S. food allocations are a part of an international allocation. The Director of Food Distribution instructs the U. S. representatives of the International Commodity Committees of the Combined Food Board as to the American position. In making recommendations to the War Food Administrator for final approval, the Director of Food Distribution takes into account the recommendations of both the International Commodity Committee and the Inter Agency Food Allocation Committee.

After this full consideration, the War Food Administrator makes the allocations. Allocations are made for 12 months in advance, but since they are determined from estimated production and supplies for most commodities, they are "made firm" quarter by quarter. All firm allocations must be met. Every 3 months the supply is re-estimated, and allocations are squared with expected food availability.

Allocating food is a continual process of dividing the food on hand and in prospect among the several wartime claimants. Allocations are subject to change as military, supply, and other conditions require. For this reason the wartime food situation will neither be stable nor completely predictable, and as long as acute shortages exist, the allocation process must be carried out.

With the period 1935-39 as an index at 100, civilian per capita food consumption in 1943 is estimated at 104. This compares with 108 in 1942; 111 in 1941; and 105 in 1940.

Civilian food allocations during the new fiscal year 1944 are approximately as follows:

Meat:	About 63 out of every 100 pounds (The remaining 37 pounds are allocated approximately as follows: Armed Forces - 17; Lend-Lease - 14; Reserve, Red Cross, U. S. Terr. & Poss. - 6.)
Eggs:	7 out of every 10 produced
Canned vegetables, including soups:	70 out of every 100 cans
Canned fruits and juices:	53 out of every 100 cans
Dry edible beans:	50 out of every 100 bags
Dry edible peas:	39 out of every 100 bags
Butter:	8 out of every ten pounds
Cheese:	$5\frac{1}{2}$ out of every ten pounds
Evaporated milk:	43 out of every 100 cans

Project No. 2: The planning, preparation, supervision, and direction of food distribution orders

Objective: To obtain the most effective and equitable distribution of food supplies to meet war and essential civilian needs.

The Problem: Despite greatly expanded food production, supply has failed to keep pace with a war-stimulated demand. In order to insure the availability of food supplies to high-priority claimants, a re-direction of the normal peacetime flow of distribution is required. This means food distribution management in the broadest sense of the word, by a central agency having full information regarding the supply of raw materials available, processing, marketing, transportation, and warehousing facilities, and the relative urgency of the claimants' needs. It means, in addition, authority to satisfy those claims which have the highest urgency, regardless of the normal pattern of distribution.

Regulation is not new in the field of food distribution. The Perishable Agricultural Commodities Act, passed in 1930, is aimed at eliminating certain fraudulent practices in the interstate marketing of fresh fruits and vegetables. The Packers and Stockyards Act, dating back to 1921, seeks to prevent and correct abuses in livestock marketing, meat packing, and poultry distribution. These and many other regulatory measures, arising primarily out of the chaotic marketing situation which developed during and immediately after the last war, are still being enforced vigorously.

Regulatory measures enacted on the basis of peacetime experience, however, failed to cover the unforeseeable emergencies of this war. The first shortages to develop demonstrated the necessity for new measures. Voluntary means failed in the food distribution field just as they failed in connection with other raw material programs. Government buying agencies were forced either to use priorities or to pay prices above the ceiling in order to obtain needed supplies. These difficulties, together with the waste, cross-hauling and high profits of the normal distribution system, required a new type of regulation.

On March 27, 1942, the Congress passed the Second War Powers Act giving the President broad powers during the war emergency. Under authority of the Act, Executive Order No. 9280 was issued on December 5, 1942, empowering the Secretary of Agriculture to "take all appropriate steps to insure the efficient distribution of the available supply of food". On April 19, 1943, Executive Order No. 9334 was issued transferring such power from the Secretary of Agriculture to the War Food Administrator.

Plan of Operation: When the need for regulatory action becomes evident, the commodity branch responsible for a particular commodity within FDA outlines suggested provisions of an order, explains why an order is necessary, and submits preliminary information to the Director. The proposed order, which appears in the Federal Register, when issued, is studied both from a legal and a business point of view. Its possible effects must, insofar as possible, be determined in

advance. Members of the industry affected are consulted, and other interested federal and state agencies are asked for their opinions and suggestions. In order to utilize the experience and knowledge of industry, more than 70 Industry Food Advisory Committees have been formed, representing practically every industry under regulatory orders. Every effort is made to insure the least possible disruption of normal distribution machinery and to inflict no more hardship on producers, distributors, and consumers than is compatible with necessary wartime food management. All the orders are as simple and as brief as it is possible to make them and still accomplish their purpose.

After these preliminary negotiations have been concluded and all pertinent information assembled, the order is drafted by the branch in cooperation with the Solicitor's Office. It is sent to the FDA Director for approval, and then to the War Food Administrator for final approval. Press releases are issued for publication in trade journals and newspapers, and announcements are made over the radio to inform the public, members of the industry and all other interested persons of provisions of the orders.

When the order is formally issued, a specific individual within the appropriate commodity branch is appointed an "order administrator" and is charged with answering all correspondence relating to the order, maintaining continuous relations with industry representatives to iron out any difficulties which arise, and making necessary interpretations and explanations.

In some cases rather complete interpretations are required. These are developed in collaboration with the Solicitor's Office. Occasionally, difficulties arise which point to the need for revision of the order, in which case the order administrator discusses the proposed revision with those affected and drafts an amendment.

Each order is different and formulated to meet a specific need. As conditions change each order must be changed or amended. Frequently, because of a lack of precedent, new regulations must be tried before their full effect can be evaluated, and revisions later made in the light of experience. Occasionally it is possible to rescind an order entirely, on the basis of changed conditions. There can be no hard and fast rules; each order is the product of a specific situation.

There are four general types of food distribution orders: (a) Distribution Economy Orders, are designed to produce economies in processing and distributing food, to help prevent increases in costs to consumers, and to conserve manpower, transportation, and processing facilities. (b) Allocation Orders, set up specific allocations of certain foods among civilians and direct war claimants. (c) Reservation Orders, have the purpose of holding back from regular commercial channels a proportion of the supply to make sure that military requirements can be met fully. (d) Limitation Orders, are designed to spread foods in short supply so that they will go as far as possible and will not disappear too fast in the face of greatly expanded consumer buying. Many of the orders combine several of these purposes.

Up to November 30, 1943, a total of 88 Food Distribution Orders had been put into effect. In addition, there were 65 Amendments to Food Distribution Orders, 165 Director's Food Distribution Orders, and 54 Amendments to Director's Food Distribution Orders.

The "bread order", Food Distribution Order No. 1, was the first of the so-called "economy" orders. It discontinued the consignment selling of bread, placed restrictions on the varieties of bread a baker might sell, and required the enrichment of all white bread to meet approved nutritive standards. These provisions had the multiple purpose of helping to prevent a rise in the price of bread to consumers, insuring more economical methods of distribution, conserving supplies of critical raw food materials used by bakers, saving labor and equipment, and safe-guarding the national nutritional level by requiring fortification of bread with vitamin B1 and minerals. Somewhat similar orders were later issued designed to bring about economies in milk marketing and to make more milk available for non-luxury foods by reducing the production of ice cream and other frozen dairy products, and the production of heavy cream.

Limitation Orders either conserve commodities or divert them into more desirable channels. Food Distribution Order No. 3 was issued to require holding for Government use, all citrus juice production, except grapefruit juice, and prohibited canners from selling grapefruit juice during January, February, and March of 1943. Food Distribution Order No. 8 conserves milk fats and milk solids by restricting the use of milk solids in the production of frozen dairy products to 65 percent of the amount used in the corresponding month of the base period, which is December 1, 1941 to November 30, 1942. Food Distribution Order No. 71 insured that all men in the armed forces had turkey for Thanksgiving and Christmas dinners by prohibiting the sale, purchase, or processing of live or dressed turkeys for other than Governmental purposes.

As an example of the way a "reservation" order works, the case of butter may be considered. Governmental agencies at the end of 1942 found it increasingly difficult to purchase sufficient quantities of butter for our military forces and for limited shipments to the Russian Army. It became apparent that a systematic butter procurement program was required if war needs were to be met. Accordingly, an order was issued requiring every creamery which produced more than 12,000 pounds of butter in any calendar month of 1942 or in January 1943, to set aside and hold for delivery to designated agencies at least 30 percent of its production, beginning February 1, 1943. This order has been amended from time to time, to adjust the set-aside percentage to meet the changing supply and demand situation, and to incorporate certain changes which appeared desirable as a result of experience with the order. Similar orders, reserving various percentages of production, have been issued for cheese, meats, some citrus products, and other commodities.

The critical meat situation developing during the early part of 1943 required the issuance of a series of orders insuring adequate supplies to the armed forces, maintaining an even flow of meat into civilian channels to implement the rationing program; and setting up a permit system for slaughterers to help wipe out black market operations.

Through November 26, 1943, a total of 8,715 appeals from the provisions of orders were received. Of these 4,848 were granted and 3,552 denied, with 315 pending decisions. A Petition Review Committee has also been established to consider appeals from denials. Through November 26, 84 such appeals had been received, of which 27 were granted and 53 denied, leaving 4 pending.

Project No. 3: Securing compliance with and enforcement of food distribution orders

Objective: To establish and maintain effective and just compliance with the food distribution program through the interpretation of orders to the public and their strict enforcement.

Problem: Experience with all raw materials has shown that some redirection of the normal flow of goods during wartime is necessary if the demands of military necessity are to be fulfilled. In the case of food and other agricultural products, this redirection has been effected by the issuance of set-aside, reservation and limitation orders, the fixing of quotas, and, the issuance of marketing permits. In most cases, the issuance of the order and the attendant publicity which it receives accomplishes the end desired. Frequently, however, willful violations occur. Failure to enforce the orders, when necessary, would not only bring the issuing agency into disrepute but would threaten the orderly operation of the entire food distribution job.

Plan of Operation: In issuing a regulation relative to the distribution of food, the War Food Administration has three responsibilities: It must (a) provide every firm or individual in the industry affected with a copy of the regulation; (b) explain to these persons, and to the public, the need for and provisions of the regulation; and (c) aid in the prosecution of willful violators.

The Administration undertakes to meet its first responsibility by mailing copies of orders directly to all members of the industries affected, and by encouraging the publication of resumes of the orders in daily papers, trade journals, farm magazines, and circulars distributed by trade associations.

The Administration undertakes to meet its second responsibility by:

1. Personally meeting with members of trades and industries affected. At such meetings, any person affected by a given order may describe his problem and learn how the order will affect him. By thus meeting the officials responsible for the order and personally discussing its implications, and "reasons why", the businessman obtains a more intimate acquaintance with its background and is more likely to comply with its provisions.

2. Reaching the general public through newspapers, magazines and radio to explain orders which affect it directly. The public is less likely to complain, for example, when it is unable to buy ice cream if it knows that the milk solids formerly used in ice cream are now going to fortify British bread.

3. Visiting firms which violate orders because of lack of understanding. A personal call on a violator to discuss and explain how he is violating the order usually assures immediate cooperation and compliance.

Complete understanding tends to bring cooperation. It is considered as our first duty to make certain that those directly affected understand the need for such orders, as well as their purpose and provisions. Every effort is made to secure voluntary compliance without resorting to formal administrative proceedings or enforcement through the courts. The extent of compliance or noncompliance is spot-checked, violators are carefully screened, and unintentional infractions are readily disposed of, and cooperative efforts with trade groups vigorously promoted. The responsibility for voluntary compliance activities lies mainly with the various commodity branches.

The Administration undertakes to meet its third responsibility by prompt prosecution of willful violators only after efforts to obtain voluntary compliance have not brought results. This is the task of "enforcement", involving the formal investigation of violation cases by investigators or auditors, and the preparation of such cases for formal administrative or court action. Local action, on a decentralized basis, disposes of the bulk of these cases. Arrangements have been made with the Department of Justice to refer cases directly from FDA field offices to U. S. District Attorneys offices. Only major criminal cases and civil action of national importance come to Washington.

The keystone of the enforcement plan is decentralization to field offices. Representatives of the Administration are stationed at strategic points in each state. Such placement assures quick coverage of local problems and brings noncompliance to light before it becomes chronic. Field offices are required to be fully familiar with all orders, and are kept informed of all interpretations or revisions.

The Compliance Branch has over-all responsibility for enforcement work, but relies heavily on the cooperation of the nine commodity branches, which often discover violations, gather preliminary evidence, and report their findings to the Compliance Branch for further investigation. They also advise the Compliance Branch in cases involving criminal prosecutions or the invocation of penalties, and cooperate with Compliance field officers in reporting and investigating violations.

Enforcement plans vary with each type of order. For example, the method for checking compliance with the "set aside" order on lard and meat is relatively simple. The Meat Inspection Division of the Livestock and Meats Branch receives regular monthly reports of livestock slaughter and lard production. Records of offers to sell and contracts with governmental agencies, as well as records of actual deliveries to agencies, can be checked against production reports. Any discrepancies can readily be established and investigated.

The enforcement of the slaughter license order provides an illustration of a second method. Reports come from FDA field offices and Office of Price Administration representatives that a slaughterer is killing animals either without a license or in excess of his quota. The books of the suspected violator are immediately checked, together with records of dealers from whom he claims to have bought livestock, or who are likely to have sold him livestock. Any violations uncovered are promptly handled.

On November 30, 1943, 88 food distribution orders were in effect. Many more will be issued during the fiscal year 1944-45. Each order affects hundreds of firms and individuals in all parts of the United States. Since the orders prescribe quota restrictions, allocations, inspections, and related problems which affect the business operations of processors, handlers, and dealers, the enforcement of each order requires a tremendous amount of detailed checking, follow-up, and spot checks. In no other way can we be assured that those persons and services which should have priorities on the available food supply get the share which the national interest dictates they must have.

Various sanctions may be imposed against persons willfully violating the orders. Such sanctions may be invoked either by administrative or court action. Administrative action may be merely the issuance of a warning letter or, in more serious cases, the issuance of a suspension order. A suspension order has the effect of denying to a person either the privilege of receiving, using, or delivering any material subject to priority or allocation control. Before suspension orders are issued persons charged with violations promptly receive full and fair hearings before officials designated to conduct such hearings.

The following two tables summarized enforcement activity by action taken, and by food order involved, for the period January 18, to September 30, 1943:

Table I - Summary by Action Taken, of Enforcement Activities

	<u>U. S. Total</u>
No. FDO cases investigated	2,243
No. cases referred to Reg. Attorney	167
Convictions:	
Civil	14
Criminal	8
Warning letters issued	452
Permits suspended or revoked	143
Suspension orders issued	6

Table II - Summary by Food Order Involved, of Cases Investigated
in Enforcement Activities on Food Distribution on Orders.

<u>Order No.</u>	<u>Commodity</u>	<u>Total</u>
	Food Distribution Regulation No. 1	36
	Food Distribution Regulation No. 2	1
	Meat Restriction Order MRO-1	23
	Conservation Order Da-1	4
	Cheese Subsidy	1
1	Bakery Products	474
2	Butter (Dairy Products)	43
3	Citrus Fruit Juices	2
4	Burley Tobacco	2
6	Citrus Fruits (Fruit & Vegetables)	3
8	Frozen Dairy Foods and Mix	110
11	Milk and Cream	144
12	Butter	2
13	Cream Dairy Products	55
15	Cheddar Cheese Dairy Products	16
16	Dried Fruit	1
17	Raisin Variety Grapes	7
18	Tea (Imported Foods)	3
21	Tea (Imported Foods)	2
23	Fish	13
24	Canned and Processed Foods (Canned Fruits and Vegetables)	2
25	Cocoa Beans	16
26	Livestock and Meats (Purchase and Sale)	13
27	Livestock and Meats (Obtaining permits for slaughter)	1,039
28	Livestock and Meats (Set aside provisions)	40
29	Fats and Oils	1
30	Dehydrated Fruit, Vegetables and Soups	8
32	Fats and Oils	1
34	Fats and Oils	2
40	Eggs and Egg Products	24
41	Eggs and Egg Products	16
42	Fats and Oils	23
44	Fish and Shellfish	4
45	Beans and Peas	3
47	Miscellaneous Food Products (honey)	7
48	Livestock and Meats	1
49	Fruits and Vegetables (Irish Potatoes)	4
54	Dairy Products (roller-process and spray dried skim milk)	4
58	Animal Foods (pet foods)	1
66	Grains	18
69	Fruits and vegetables	3
71	Poultry	44
75	Livestock and Meats	21
	Total	2,237

Project No. 4: Ascertaining requirements for and providing critical materials and facilities in the food processing industry

Objective: To assure an adequate supply and efficient distribution of food through the most effective use of critical materials, transportation and other facilities.

The Problem: Mounting demands for food and decreasing facilities make increasingly difficult the task of meeting requirements. Controlled materials -- such as the primary forms and shapes of carbon steel, alloy steel, copper and aluminum -- are essential and of the highest importance to the food processing and distribution industries. Our ability to keep abreast of minimum food requirements depends in a large measure on our ability to assure maintenance, operation and necessary expansion in the food industry under war conditions.

Plan of Operation: Materials and facilities requirements for the food industry rest primarily on food requirements. Schedules of available materials and procedures under which they are to be obtained are formulated by the Office of Materials and Facilities. As one of their general functions, the commodity branches of FDA ascertain and develop quarterly materials and facilities requirements for their respective food processing and distribution industries. In addition, the commodity branches make recommendations on applications for facilities for dehydration, compression, compacting, or freezing of foods.

In the past two years, considerable progress has been made in developing facilities to dehydrate foods. The shipment of dried and dehydrated foods has saved enormous tonnages as compared with the ship space that would have been required to transport the original food products.

Enough experience has now been gained to know that additional substantial savings can be made through the compression and compaction of the food products now being dehydrated as well as a number of other commodities. As the war intensifies pressure on shipping, warehousing, dock facilities and land transportation at destination points, every cubic foot of space we can save will be a direct and useful contribution toward winning the war.

In FDA, the commodity branches also act as the "agency of first reference" in the consideration of recommendations on priority applications addressed to the Office of Materials and Facilities. The volume of applications is averaging about 1,500 per week, with an approximate value of over \$1,500,000.

Another activity in this general field is that of working toward the conservation of transportation facilities. This is necessary if the country is to meet expected traffic increases in 1944, and at the same time provide a reserve of transportation facilities which may be drawn upon in the event of unusual surges of traffic.

The FDA is asking each of the food industries to prepare and submit plans for a reduction of 10 percent in the ton miles of transportation in 1944 as compared with 1943. Measures that may be employed to effect

this saving include the minimizing of cross-hauls, concentration upon the nearest markets, procuring supplies from nearby sources, packaging foods to greater density, and avoiding circuitous routing.

To provide seasonal food processors with recognition of their essentiality to the war effort, and "A" Award for excellence is awarded to outstanding plants. Rigid requirements for eligibility are established. Among these are ability to utilize existing facilities to secure wartime production; ingenuity and cooperation in developing and producing war food products; overcoming production obstacles and the avoiding of stoppages; low absenteeism records, accident prevention, and health and sanitation.

Project No. 5: Civilian requirements, nutrition and food conservation.

Objective: To serve as claimant for civilian food requirements, promote conservation and avoid waste of food, and assist civilians in obtaining the fullest possible nutritive value from the food supplies available.

The Problem: The civilian population is by far the largest claimant for food. In 1942, coffee and sugar were rationed and early in 1943 it became necessary to ration meats, fats and oils, including butter, and processed fruits and vegetables. Last spring, owing to the late season, potato supplies ran short, only to be followed by a surplus when the spring and summer crops piled into market simultaneously.

Meat consumption over the next 12 months may be about 5 to 6 percent below the 1941-42 average. Civilian cheese supplies for 1943-44 will be only about two-thirds of the 1941-42 average. Butter will be down 18 percent and lard and other shortenings and edible oils, 10 percent. Fish consumption will be almost one-fourth less. Fresh fruit supplies will be about 17 percent below the 1941-42 average, and fresh vegetables (exclusive of home gardens) will be about 8 percent less.

On the other hand however, poultry supplies are 25 percent above the 1941-42 average and nearly 50 percent above the average for 1935-39. Eggs similarly show an increase, though not so great as poultry. Dry beans and peas are up 20 percent; potatoes are abundant and more sweet potatoes will be on the market. The supply of wheat permits considerable expansion in the consumption of cereal products, and fluid milk consumption is up 12 percent. The soybean is becoming available as flour and is also being combined with other products.

In 1941 and 1942 agricultural production progressively topped all records, and the American people were probably better fed than ever before. In 1943 total food production is estimated at 5 percent greater than the record of 1942, which ran 12 percent higher than 1941, itself a record-breaking year.

In 1941 about 4 percent, and in 1942 about 13 percent, of our food was used by our armed forces and for other United Nations. In 1943 about 25 percent must be used for military and Lend-Lease needs, and the proportion on some items is higher. In addition, most of the foods sent abroad are concentrated, require much processing, and their production is difficult to expand.

We have less beef, less milk, and less of other foods than we now have money enough to buy, even though levels of production are the highest in history. The first problem is to determine how much of which foods are necessary for civilians to maintain health and productive efficiency.

After the share of our total food supply which is available to the U. S. civilian population has been determined, three additional activities must be undertaken in order to insure the fullest possible use of that food in terms of healthful diets:

1. Efforts must be made to see that no part of the available supply is wasted at any stage of distribution from producer to the consumer's table. The food available must be so handled, processed and prepared as to provide maximum nutrition value, as well as to satisfy hunger and taste.
2. Population shifts and average food consumption must be closely watched to insure that the available supply of each food product is distributed in the right amounts to the right places at the right time.
3. Efforts must be made for the development of a coordinated national nutritional program, working through established State and local committees, to assist through educational means in insuring the highest possible nutritional status of the American public under wartime conditions.

Food Waste

For some commodities, as much as 25 percent of total production disappears as waste and is never consumed. Of our total food production, as much as 15 percent has been wasted. Most of this waste can be stopped through the voluntary cooperation of food handlers, wholesalers, retailers, restaurants and housewives.

Tremendous waste occurs from negligent trade practices, discarding nutritious parts of food, careless loading and transportation, improper warehousing, excessive inventories, and large accumulations of supplies for the weekend shopping rush. Frequently, valuable nutrients are destroyed in food processing and preparation. The kitchen sink is often the best-fed member of the household.

A study of garbage collection conducted by the American Public Works Association in 1939 and 1940 revealed that in 48 American cities edible food thrown out as garbage by householders and handlers amounted to more than half a pound of food per person per day. Waste of fruits and vegetables was high during the peak marketing season due to careless handling of a plentiful supply; waste of bread and bakery products was high during the hot summer months because of mold, and especially heavy in Southern cities where rainfall and humidity were excessive. In wealthy residential districts of large cities and in luxury eating establishments waste and spoilage were likewise abnormal.

During a single year in World War I, garbage waste in 18 cities was reduced 10 percent by means of an aggressive food conservation campaign carried on by the Food Administration. Such savings now, when shortages of food are becoming increasingly threatening, would mean a substantial addition to our food supply.

Food for War Workers

The opportunity to supplement home food rations by obtaining meals in factory-sponsored restaurants or cafeterias is not now available to industrial workers in many congested areas. About 9,000,000 of our 20,000,000 war workers are employed in plants having no restaurant facilities. In those plants where eating facilities do exist they are often inadequate to handle the increasing number of workers. Moreover, commercial restaurants in many war industry areas are greatly over-taxed. Shortages of food, labor, and materials have caused many commercial eating establishments either to curtail their operations or shut down completely.

Food Quality

The food consumption habits of U. S. civilians have been and will be changed drastically as a result of wartime shortages. Civilians must learn to eat new and different foods. They must plan their food buying well in advance; adjust it to rationing restrictions; study nutritional qualities of foods; become familiar with new methods of cooking, storing and preserving, and learn to use left-overs.

Available knowledge of human nutrition is far ahead of actual application. During wartime, efforts to close this gap must be accelerated if the best use is to be made of our available supply of food. Facilities to assist civilians in this program already exist in state, county, and local nutrition committees; home economics and health organizations, and local civic groups. These groups need leadership, study material, and current information about civilian food supplies. The work under this project is designed to provide as much such information as can readily be absorbed in a short time.

Plan of Operation: The Civilian Food Requirements Branch has been established to serve as representative of the civilian population in the preparation and presentation of their food requirements both from a nutritional and a quantitative viewpoint. Calculations are based on consumption habits, nutrition needs and distribution problems.

In accordance with Executive Order 9250, the War Food Administration is responsible for determining when the rationing of a given food is to be instituted. The procedure developed to handle this responsibility is as follows: All commodity branches within the Food Distribution Administration are required to be fully conversant with stocks, production, imports and disappearance of commodities within their jurisdiction. Whenever a shortage is anticipated in any of those commodities, the branch concerned communicates the appropriate information to the Civilian Food Requirements Branch

and assists it in the development of a rationing proposal. On approval of the proposal, a rationing directive is addressed to the Office of Price Administration. As the supply situation changes, amendments to the rationing directive, revising per capita rationing or the categories of eligible recipients, are sent to the Office of Price Administration. In addition, a Food Rationing Policy Committee has been created, consisting of representatives of the Food Distribution Administration, Food Production Administration, and the Office of Price Administration, to consider such matters as the handling of publicity, differentials in rationing and industrial relationships.

Food Waste

An extensive campaign against food waste is now being developed. Working in cooperation with the Extension Service, FDA attempts to emphasize to producers the need for conserving food through leaflets, posters, appeals in farm papers and magazines, and through community meetings. The aid of trade associations and other groups is enlisted to combat waste in all marketing channels. Waste in retail stores, homes, and restaurants is attacked through radio, newspapers, magazines, posters and leaflets, meetings of community types of organizations; and, to some extent, through trade associations and other trade groups.

Perhaps the most significant phase of this activity is in the development of new foods from hitherto discarded materials. The scarcity of vitamin C was brought to our attention by the Army. To help in meeting this situation we investigated the guava situation in Cuba and put the Army in a position to obtain large quantities of guava for jams and jellies. The use of 10% guava in the manufacture of jams and jellies of the type in regular use in the Army provides enough vitamin C for about one-half of their daily requirements. This may mean an increase in production of guava in Florida and California to replace imports from Cuba, the only present source of guava in sufficient quantities to meet the Army requirements.

With the canning of boned chicken for the Army, great quantities of highly nutritious chicken broth are permitted to flow into sewers because of no practical use for it. At the present time this broth is in the laboratories of the macaroni and spaghetti manufacturers with the purpose in mind of using it instead of water in dough.

The shortage of dried fruits has turned our attention to dried bananas and pineapples. The demands for feeding and rehabilitation of foreign countries are such that our present supply is inadequate. In the past it has been impossible to dry pineapples and bananas in such a manner as to have them reconstitute satisfactorily for industrial use. In cooperation with industry we have developed a process which makes possible the dehydration of these two products and private industry is now preparing to manufacture considerable quantities of these products in Cuba, Puerto Rico, and other islands. Requisitions have been given the commodity buyers of FDA for quantities of these dried fruits for export. The use of cocoanut fibre in these products has the approval of the Food and Drug Administration.

Other projects include the development of agar from seaweed, the retention of vitamin C in the dehydration of vegetables with natural gas, new products to be processed from sweet potatoes, new canning methods which softens the bone structure of fish to permit the edible use of fish which have been used previously for oil purposes only.

Food for War Workers

In addition to combatting waste and attempting to raise the general nutritive level of the civilian population, an extensive program designed to insure workers in heavy industry adequate on-the-job meals is being developed. Experience both here and in England has shown that the diets of war industry workers have a direct bearing upon their production and upon absenteeism. By visiting industrial areas and discussing feeding problems with management, the FDA has encouraged the installation of food facilities and improved the quality of meals served.

Considerable progress has also been made in providing for the needs of workers in isolated areas, such as lumber camps and mining centers of the Pacific Northwest, where nonrationed foods are not available to supplement rationed allowances. FDA will continue to watch this problem and recommend adjustments in ration allowances to the Office of Price Administration when necessary. It now appears, however, that the overwhelming majority of war workers will not require supplemental rations provided that (1) adequate food supplies are available to redeem ration points, (2) nonrationed foods are properly distributed, and (3) industrial workers have access to some type of public or commercial eating establishment where a mid-shift meal can be obtained.

The Civilian Food Requirements Branch furnishes the Office of Materials and Facilities with complete and current information on the need for industrial feeding equipment. The Branch serves as the point of first reference in reviewing and approving project applications for feeding units. Regional industrial representatives provide assistance to war plants in determining the type of feeding equipment needed, and advice regarding procedures to be followed in obtaining it.

Through the Office of Labor of the WFA, the Branch continues to bring to the attention of the War Manpower Commission and other agencies problems involved in recruiting, training, and retaining essential workers in restaurants and cafeterias.

FDA consults with the Office of Price Administration regarding prices charged in eating establishments and submits recommendations regarding the desirability or practicability of further Governmental controls.

Food Quality

The Civilian Food Requirements Branch focuses scientific knowledge of nutrition on all policies affecting food.

An example of this activity was the development of a procedure to insure a satisfactory content of vitamin C in processed juices. Another example is the enrichment of flour and bread. Ordinary white flour is unsatisfactory because important nutritive elements are lost from the flour by the method of milling used. By restoring these elements and by adding milk, bread becomes a highly nutritive food. The requirement that all white flour used in bread be enriched has the endorsement of leading nutritional scientists. It was recommended by the Council on Foods and Nutrition of the American Medical Association, as well as by the Food and Nutrition Board of the National Research Council.

A Nutrition Programs Branch centered around the Nutrition Division which was transferred by Executive Order No. 9310, dated March 6, 1943 from the Office of Defense Health and Welfare Services to the War Food Administration, carries on the national nutrition education program. It has available to it the information developed by the Bureau of Human Nutrition and Home Economics and other research organizations. In addition it has the active cooperation of the Federal Extension Service, the Office of Education, the American Red Cross, and many other national organizations, both governmental and non-governmental.

This program of nutrition education will be carried on primarily through established State and local nutrition committees and other local organizations. These committees usually consist of representatives of state departments of agriculture, education, health and welfare, professional nutritionists, home economists, American Red Cross, business and food industry representatives, and representatives of other groups and interests varying from state to state. These committees in most instances are closely coordinated with the State Council of Defense. They are concerned with the development of a nutrition and conservation program in the state which fits local needs and local problems. To implement the work of these committees the FDA is furnishing each state with a full-time paid committee secretary who will work under the direction of the Nutrition Programs Branch.

In addition to the State Nutrition Committees there are from 2,500 to 3,000 county nutrition committees throughout the country, following approximately the same pattern of membership as the State committees.

The Nutrition Programs Branch furnishes these committees information and materials for local adaptation and use in carrying on community food programs. The Branch has worked with officials of the Office of Price Administration, for example, in developing materials for use by these committees to assist housewives in adjusting to point rationing.

(c) Administration of Sugar Act

Appropriation Act, 1944.....	\$63,883,060
Budget estimate, 1945.....	<u>52,510,203</u>
Decrease.....	<u>-11,372,857</u>

PROJECT STATEMENT

Project	1943	1944 :(estimated):	1945 :(estimated):	Increase or decrease
1. Conditional pay- ments to sugar grow- ers.....	\$55,359,282:	\$53,691,036:	\$51,317,665:	\$-2,373,371 (1)
2. Expenses of county agricultural conser- vation associations of farmers (transfer):	375,000:	375,000:	375,000:	- -
3. Administrative ex- penses, AAA (transfer):	581,500:	625,000:	625,000:	- -
4. Administrative ex- penses, FDA.....	129,707:	152,589:	152,589:	- -
Allotments and trans- fers to other agen- cies for services in connection with the program (as shown in Budget schedule).....	36,740:	39,435:	39,949:	+514 (2)
Total obligations for the program.....	<u>56,482,229:</u>	<u>54,883,060:</u>	<u>52,510,203:</u>	<u>-2,372,857</u>
1942 appropriation available in 1943.....	-136,259:	- -:	- -:	- -
1944 appropriation ob- ligated in 1943.....	-9,000,000:	+9,000,000:	- -:	-9,000,000 (3)
Covered into Treasury in accordance with Public Law 674.....	+10,477:	- -:	- -:	- -
Total available.....	<u>47,356,447:</u>	<u>63,883,060:</u>	<u>52,510,203:</u>	<u>-11,372,857</u>
Transferred in esti- mates in past year to other appropriations (as shown in Budget schedules).....	+106,463:	- -:	- -:	
Total estimate or ap- propriation.....	<u>47,462,910:</u>	<u>63,883,060:</u>	<u>52,510,203:</u>	

INCREASES OR DECREASES

The decrease of \$11,372,857 in this appropriation for 1945 consists of:

(1) A decrease of \$2,373,371 in conditional payments to sugar growers. Only \$500,000 of the 1945 appropriation will be used for making payments on the 1943 crop sugar as compared to \$8,589,291 used from the 1944 appropriation for 1942 crop sugar. . . . An expected increase in the 1944 crop will result in larger payments for the 1944 crop than for the 1943 crop.

	1944 Appropriation	1945 Estimate	Decrease
1942 Crop Payments (Tons)	\$8,589,291 (692,677)	- -	-\$8,589,291
1943 Crop Payments (Tons)	45,101,745 (3,447,995)	\$500,000 (43,145)	-44,601,745
1944 Crop Payments (Tons)	- -	50,817,665 (3,821,000)	+50,817,665
Total Payments (Tons)	53,691,036 (4,140,672)	51,317,665 (3,864,145)	-2,373,371

(2) A net increase of \$514 in transfers to other agencies for services in connection with the program.

(3) A decrease of \$9,000,000 due to the elimination from the 1945 estimates of this amount which was required in 1944 for obligations incurred in 1943 for conditional payments to producers pursuant to Public Law 386, 77th Congress.

CHANGES IN LANGUAGE

The estimates propose the following deletion in the language of this item:

[1945, and in addition, \$9,000,000 to be immediately available and to remain available to June 30, 1944, and to be merged with and made a part of the appropriation under this head in the Department of Agriculture Appropriation Act, 1943; in all, \$63,883,060].

The 1944 Appropriation Act specifically appropriated \$9,000,000 to cover obligations incurred during the fiscal year 1943 in excess of funds available for conditional payments to producers pursuant to Public Law 386, 77th Congress, in which the basic rate was increased 60 to 80 cents per hundred pounds. Since provision for the increased rate was made in the 1944 appropriation and is included in the 1945 estimate, the above language may be deleted.

Statement of Overtime Costs

	: 1943	: Est. 1944	: Est. 1945
Overtime absorbed.....	\$53,333	\$106,236	\$107,840
Additional funds for overtime (appro-	:	:	:
priated, 1943, estimated supplemental,	:	:	:
1944; and included in budget estimate,	:	:	:
1945).....	- -	- -	- -
Total cost of overtime (7 months in	:	:	:
1943).....	53,333	106,236	107,840

Note: Overtime costs and amounts absorbed include, on an estimated basis; an allocable portion of the overtime costs shown in the Budget schedules for the consolidated account "Administrative expenses, Agricultural Adjustment Agency" which consists entirely of transfers from various appropriations and other funds.

WORK UNDER THIS APPROPRIATION

Objective: To carry out the provisions of the Sugar Act of 1937, as amended: (1) Through conditional payments to maintain continental production and, if possible, to increase production to the goals set by the Administrator; (2) To assure the United States of sufficient supplies of sugar to meet the rationing requirements under the Federal rationing program; (3) To exercise all powers under the Sugar Act which will be of assistance to the War Food Administration in carrying out the wartime controls and programs provided for in Executive Order 9280 of December 5, 1942, and to provide for restoration of the quota provisions of the Sugar Act when required under these provisions.

1944 Sugar Program: The objective of the 1944 Sugar Program is to assure sufficient supplies of sugar to meet the demands for this essential commodity under the wartime rationing program and, in the event of termination of rationing, to meet the quotas established under the Sugar Act of 1937 as well as to protect and to assist those engaged in the domestic sugar producing industry. The price support programs of the Department to be announced for the 1944 crop are intended to increase production in the continental producing areas. The production of sugar in the continental beet area in 1944 is now expected to be 1,500,000 tons as compared to the 1943 production of 1,200,000 tons. Production of sugar from the 1944 sugarcane crops of Louisiana and Florida is also expected to show an increase over 1943. The production of sugar in Puerto Rico is expected to show a decline from the 1942-43 output of 1,050,000 tons to 850,000 tons for the 1943-44 crop year. Production in Hawaii and the Virgin Islands will probably remain at the same level as in 1943.

General: This appropriation is used for carrying into effect the provisions of the Sugar Act of 1937, approved September 1, 1937 (50 Stat. 903-916), as extended by Public Law 860, approved October 15, 1940, and Public Law 386, approved December 26, 1941. Pursuant to Title IV of this Act, excise taxes amounting to approximately \$68,000,000 are collected annually through the Treasury Department. Appropriation for each fiscal year of a sum not to exceed \$55,000,000 for the purposes of administration of this Act is authorized by Section 502 of the Act.

Progress and Current Programs: At the beginning of the 1943 fiscal year, a little more than a month after civilian sugar rationing was instituted, stocks of sugar in the hands of primary distributors in continental United States were about 500,000 short tons, raw value, below normal. However, stocks held by industrial, institutional, and household users were believed to be at a much higher level than usual following the record distribution of sugar in 1941.

Sugar supplies in Puerto Rico and Cuba at the start of the fiscal year were also very large. This was particularly true in the case of Cuba, whose 1942 crop, equivalent to about 4,500,000 tons and the largest in many years, has been bought virtually in its entirety by the United States Government. At the time this purchase was made, it was provided that sugarcane equivalent to about 1,200,000 tons of sugar would be made into high-test molasses for the war alcohol program. However, with the subsequent conversion of the alcohol industry to use of grains as a raw material, the manufacture of high-test molasses from the 1942 Cuban crop ceased, and the sugar supply available in the Island was thereby increased by another 500,000 tons. The 1943 Cuban sugar crop of 3,225,000 tons was also bought by this government early in 1943. Later in the year, the 1943 Puerto Rican sugar crop was also purchased, as were the Dominican and Haitian crops for 1943 and 1944.

Arrivals of sugar from offshore areas during 1942 were substantially below normal, particularly during the second half of the year when Axis submarines were active in the Caribbean. Submarine warfare made it necessary to shorten as much as possible the ocean run between Caribbean sugar ports and the mainland. Consequently, there was developed a so-called "shuttle" service between Havana and Florida ports. Under this program, small watercraft, such as barges and sailing vessels, brought sugar to various Florida ports from which it was shipped to northern refineries.

The curtailment in sugar receipts on the Atlantic seaboard made necessary the movement of increasingly large stocks of beet sugar to this area. The very large crop of beet sugar harvested in the autumn of 1942 helped greatly to offset the decline in receipts of offshore sugars.

Funds for purchases of these sugar crops as well as additional freight costs for moving beet sugar to the Atlantic seaboard were borne by Defense Supplies Corporation and later by Commodity Credit Corporation.

During the fiscal year the retail price of sugar remained virtually stationary, the national average being about 6.9 cents per pound. Since our entry into the present war, the retail price of sugar for the country as a whole has averaged 6.8 cents per pound, compared with 9.7 cents during the last war (April 1917 - November 1918).

1943 Sugar Beet Price Support Program: A record 1,045,000 acres were planted to sugar beets in this country in 1942, and the sugar crop produced on this acreage, totaling 1,734,000 tons, was one of the largest in our history. When 1943 food production goals were announced in the fall of 1942, the sugar beet acreage goal was established at 1,050,000 acres, or substantially the same as the 1942 planted acreage. Formal negotiations were initiated in December of that year with representatives of the beet sugar industry on the steps to be taken to maintain 1943 sugar beet production. After various conferences, Secretary Wickard, on February 10, announced a program designed to assist sugar beet growers in meeting their 1943 production goal. The program provided that, without raising sugar ceiling prices, growers would receive for their 1943 crop an increase of \$1.50 per ton for sugar beets of average quality over the price called for under 1942 crop contracts. This meant a total of \$11.00 per ton, which was the highest price in more than twenty years and 120 percent of parity. The agreement protects both processors and producers against market declines during the entire 1943 beet sugar marketing season, which runs until the end of September, 1944, and against abnormal transportation costs due to war movement of beet sugar to areas where it is not normally used.

However, chiefly because of uncertainty over the labor situations, competition with other crops which were profitable to produce and which required less labor, discouragement due to difficulties in harvesting the 1942 crop, unfavorable weather at planting time and the feeling on the part of some growers that the price offered for beets was too low, the acreage planted to sugar beets in 1943 was the smallest in many years.

A price support program for the 1943 Louisiana crop was announced late in 1943. This program provided for an increase of 33 cents per ton of sugarcane and thus made it possible for growers in that State to pay the wages necessary to permit harvesting of the 1943 crop. According to the August Crop Report, a 1943 sugarcane crop of 5,662,000 tons was indicated in Louisiana, compared with 5,177,000 tons in 1942. Commodity Credit Corporation funds were used to carry out these price support programs as well as the additional transportation costs involved in the program.

Further Stimulation of Insular Food Production: The farming practice requirement, which is one of the payment conditions under the sugar program authorized by the Sugar Act of 1937, served in 1943 to further encourage food production in Puerto Rico, Hawaii and the Virgin Islands, thus lessening the dependence of these areas on foodstuffs from the mainland. Puerto Rican growers who wished to receive payments under the sugar program were required to plant an acreage equal to 20 percent

(as compared with 7 percent in 1942) of the land on which sugarcane was growing on January 31, 1943 to soil-conserving food crops, of which only 50 percent (as compared with 80 percent in 1942) had to be leguminous crops.

In the Virgin Islands the requirement was increased from 7 to 10 percent and the leguminous crop requirement was dropped from 80 to 60 percent.

In Hawaii, the farming practice determination for the first time included a provision requiring the planting of food crops on an acreage equal to one-tenth of an acre for each adult male laborer employed on the farm in the production of sugarcane on January 1, 1943. It is estimated that this change resulted in the planting of some 3,000 acres of food crops. In addition, Hawaiian sugar planters were required to apply not less than 100 pounds of plant food per acre of sugarcane land. Because of the difficulty they were experiencing in securing this fertilizer as a result of the war, the former plant food requirement per acre of the greater of (1) 100 pounds or (2) 60 percent of the average quantity applied in 1940 or 1941, whichever was smaller, was revised so as to eliminate the second alternative.

The farming practices for the continental beet area in 1943 were, with the exception of California, the same as in 1942, and the same was true in the mainland cane area. The changes made in the farming practice requirement for California were effected to meet local conditions.

Minimum Wages in Domestic Areas Increased: The minimum wages for field laborers, which growers must meet to receive payments under the sugar program were increased during 1943 in all the domestic sugar-producing areas to give effect to the ratio of income distribution between growers and laborer which prevailed during the pre-war period. The labor situation was characterized by substantially higher general agricultural wages than existed in 1942 and higher living costs for the workers.

In the sugar beet area, 1943 field wages were increased about \$6.60 per acre. This increase was made possible by higher producer income. The index of the minimum contract labor wages per acre as determined for the 1943 crop of sugar beets is 155 of the 1938-40 average, while the index of producer income from the 1943 crop is expected to average 58 points above that base period.

Wage rates for non-harvesting operations in the mainland sugarcane area of Louisiana and Florida for the calendar year 1943 were increased by about 16 percent over the wages established for 1942. This determination did not become effective until May 29, 1943 prior to which time the 1942 rates were the minimum. The index of non-harvesting wage rates is 146 and of producer income 147, using as a base period the years 1938-40. Rates for harvesting operations in the mainland cane sugar area are not determined until the fall season of the year. The minimum harvesting wage rates established for the 1942 Louisiana crop were about 12 percent higher than those for the 1941 crop, and those for Florida between 8 and 12 percent higher.

In Puerto Rico basic wages were lifted 20 cents per 8-hour day for non-harvesting operations during the period July 1 to December 31, 1943. In the first part of the year growers were paying wages approximately 13 percent higher than was required in 1942 and consequently no additional increase was made for this period.

An increase in the basic wage rates for field workers in Hawaii was made possible through the relaxing of martial law which was imposed in 1942. However, since there had been a voluntary increase of 10 percent in wages over those required in 1942, no further increase was made for the first half of 1943. The minimum wages for workers per pay period were adjusted upward by 15 percent over the previously existing level for all work performed during the last six months, and in addition to the higher basic wages the bonus rate based on sugar prices was increased.

Basic Sugar Statistical Data: During the middle of 1943, with the permission of the Office of War Information, publication of monthly statistical data on sugar production, distribution, importations and stocks was resumed. These data, obtained under authority of the Sugar Act of 1937, had been regularly published until the end of 1941.

Weekly statistical data continued to be furnished to the War Shipping Administration and the Office of Price Administration in order to enable these agencies to operate their sugar shipment and rationing programs.

Fair Price Determinations Issued: Fair price determinations issued during the year covered the 1942 sugarcane crops in Louisiana and Florida, the 1942 and 1943 crops in the continental beet area, the 1942-43 Puerto Rican sugarcane crop and the 1942 Virgin Islands sugarcane crop. These determinations establish the prices which producers who are also processors must pay for cane or beets bought by them from other growers in order to qualify for payments under the sugar program. The Puerto Rican determination was modified by omission of the molasses bonus previously provided for and by a slight broadening of the expenses deductible in calculating the mill value of raw sugar, while the 1943 fair price determination for the beet sugar producing area provided in effect that the grower receive the first fifty cents per hundredweight of sugar above the level of proceeds of the previous year, since the government recoups the support payment, all of which accrues to the grower, before sharing between processor and producer is resumed.

Income Position of Sugar Producers: Sugar beet growers' income from the 1942 crop is expected to average about \$9.10 a ton of beets, including conditional payments, as compared with \$8.32 and \$6.97 a ton for the 1941 and 1940 crops, respectively. These figures do not include the special conditional payments made for acreage abandonment or crop deficiency due to various natural disasters. This protection, which domestic sugar growers did not enjoy prior to the sugar programs, every year prevents serious financial losses to many domestic sugar producers. The total grower income from the 1942 crop of 11,681,000 tons of sugar beets is expected to be about \$108,100,000, or \$22,600,000 more than the \$85,500,000 received for the 1941 crop of 10,311,000 tons of beets. Conditional payments included in these totals amounted to about \$29,800,000 and \$18,800,000 for the 1942 and 1941 crops, respectively.

The total income of Louisiana growers from the 1942 sugarcane crop of 4,752,000 tons amounted to about \$26,900,000 or approximately \$5.65 a ton, as compared with about \$19,400,000 and \$4.94 a ton from the 1941 crop of 3,938,000 tons of sugarcane, which had been severely damaged by freeze and floods. Conditional payments included in the 1942 total income amounted to approximately \$6,200,000, or about \$2,250,000 more than for the 1941 crop. Included in the 1942 payments were approximately \$363,000 in acreage abandonment and crop deficiency payments. Such payments on the 1941 crop totaled about \$345,000.

Florida sugarcane growers, exclusive of the processor-producer who raises about 83 percent of that State's crop, received a total income of about \$6.30 a ton of cane for the 1942 crop, as compared with approximately \$5.15 in the previous season. Conditional payments on the 1942 Florida sugar crop totaled \$709,392, as compared with \$612,263 on the previous crop. The 1942 government payments included abandonment and deficiency payments amounting to \$131,311. No such insurance payments were made on the 1941 crop. The Florida crop of the 1942-43 season, chiefly because of labor shortage, totaled only 648,000 tons of sugarcane, as compared with 949,000 tons in the previous season.

Because of the higher sugar prices which prevailed in 1942, the total return from the crop produced that year in Hawaii was somewhat higher than that received from the previous crop. The income from the 1942 crop included about \$8,150,000 in conditional payments, as compared with \$8,600,000 on the 1941 crop.

In Puerto Rico the total income of growers from the 1942-43 crop of about 8,750,000 tons of sugarcane was about \$56,800,000, compared with approximately \$62,050,000 from the 1941-42 crop of 10,010,000 tons, the largest in the Island's history. The 1942-43 income includes sugar-program payments of about \$13,020,000 as compared with government payments of about \$12,000,000 on the 1941-42 crop.

(d) Special Deposit Account - Federal Surplus Commodities Corporation
(Northeastern Timber Salvage Administration)
Funds Loaned by Disaster Loan Corporation

PROJECT STATEMENT

Project	1943	1944 :(estimated):	1945 :(estimated):	Increase or decrease
1. Timber salvage operations, State of Connecticut.....	\$4,805	\$2,436	- -	-\$2,436
2. Timber salvage operations, State of Maine.....	36,282	18,392	- -	-18,392
3. Timber salvage operations, State of Massachusetts.....	119,980	60,817	- -	-60,817
4. Timber salvage operations, State of New Hampshire.....	418,271	213,245	- -	-213,245

Project	1943	1944 :(estimated):	1945 :(estimated):	Increase or decrease
5. Timber salvage operations, State of Rhode Island.....	4,105	2,080	- -	-2,080
6. Timber salvage operations, State of Vermont.....	11,107	5,632	- -	-5,632
Grand total obligations.....	594,550	302,602	- -	-302,602 (1)

DECREASE

(1) No estimate is made for this work in 1945 since the salvage operations will have been completed by the end of the fiscal year 1944.

The budget schedule reflects the administrative and program expenses of the Northeastern Timber Salvage Administration, an organization within the Federal Surplus Commodities Corporation, engaged in salvaging timber in New England which was conducted and financed pursuant to a loan agreement between the Corporation and the Disaster Loan Corporation. Responsibility for the technical operation of this program is delegated to the Forest Service.

(e) Emergency Supplies for Territories and Possessions, Food Distribution Administration (Revolving Fund)

Objective: To procure, transport, and distribute agricultural and other commodities and supplies to meet the emergent requirements of the civilian population of the Territories and Possessions of the United States.

The Problem and its Significance: The discontinuance of commercial shipping between the American mainland and Hawaii following the outbreak of war created a critical supply problem. Very few of the islands are agriculturally self-sufficient. Their economics are based on the export of large quantities of sugar, coffee, pineapples, and minerals, and the import of a major portion of their food requirements. The elimination of this normal flow of commerce within a space of a few weeks brought many of the islands to the verge of actual starvation. In Hawaii, in spite of efforts to diversify the economy of the islands during previous years, only a few weeks supply of food was available on the day of the Japanese attack.

At the outset of war, only 15,000 acres of the 308,338 acres under cultivation in the islands were being used in the production of food for local needs. A beginning had been made in setting up reserve supplies of food, but the attack came before the program was well under way. Congress, realizing the seriousness of the situation, immediately established a revolving fund of \$35,000,000 to provide for the purchase and shipment of goods to meet agricultural deficiencies (Act of December 23, 1941, Public Law 371, 77th Congress).

Shipments now arrive regularly at the islands and a continuous six months' reserve has been created in order to meet all eventualities.

General Plan: Requirements for the islands are determined by the responsible military and civilian authorities in charge of the territories to be supplied, in cooperation with representatives of the Food Distribution Administration. The required items are procured by the Food Distribution Administration either out of Government-owned stockpiles, on the open market, or by negotiation with vendors. They are loaded at West Coast ports in space assigned by the authorities in charge of shipping. Representatives of the Food Distribution Administration are stationed in Hawaii to insure that the commodities supplied meet the needs as submitted; and to account for the disposition of shipments. The goods are distributed through the normal channels of trade. They are sold to wholesalers at prices deemed adequate to cover the costs of purchase, handling and shipment, and sold to consumers at fixed retail prices. Receipts from the sales of commodities to wholesalers are returned to the fund for reuse.

Volume of Activities: By the end of October, 1943, more than thirty million dollars worth of commodities had been shipped to the Hawaiian Islands. The commodities included are as follows:

Commodities Shipped during the Period
December 23, 1941 to October 31, 1943

<u>Commodity</u>	<u>Amount</u>
Dairy Products.....	\$6,026,405.17
Canned Fish.....	1,502,546.61
Meat Products.....	5,530,295.13
Fruits and Vegetables:	
Canned Fruit.....	\$318,186.98
Canned Vegetables.....	593,318.00
Fresh Fruit.....	30,895.03
Fresh Vegetables.....	821,719.22
Dried Fruits.....	175,773.48
Cereal Products.....	7,848.72
Flour.....	2,164,327.72
Rice.....	7,776,885.30
Feed.....	5,063,103.98
Seed.....	44,835.79
Miscellaneous Supplies.....	2,848.01
Grand Total.....	<u>\$30,058,989.14</u>

(f) Foreign War Relief
(Allotment to Food Distribution Administration)

Objective: To purchase, transport, and deliver agricultural supplies to points of embarkation determined by the American Red Cross, or by such other agency as the President may designate, for the relief of refugee men, women, and children who have been driven from their homes or otherwise rendered destitute by hostilities or invasion.

Plan of Work: The Food Distribution Administration maintains a stockpile of agricultural commodities which is available as a source of supply to the Lend-Lease Administration and other large-scale government users. Pursuant to Presidential directive, commodities from this stockpile are released to the American Red Cross upon the presentation of approved requisitions. It requires the minimum of extra effort on the part of the Food Distribution Administration to purchase and deliver the quantities of goods requisitioned by the Red Cross.

Financial Requirements: A provision of the Second Deficiency Act, 1942 provided that the unexpended balance of the appropriation of \$50,000,000 contained in Section 40 of the Emergency Relief Appropriation Act, Fiscal Year 1941, and the appropriation of \$35,000,000 for foreign war relief contained in the Third Supplemental National Defense Appropriation Act, 1942, be consolidated and made one fund effective as of December 17, 1941. The availability of this fund, in subsequent fiscal years has been extended from time to time by Congress. Of the total available \$15,000,000 has been allocated to the Department of Agriculture for the purchase of agricultural commodities.

Volume of Activities: Agricultural commodities or products thereof which have been purchased from June 26, 1940 to October 31, 1943, are shown below:

<u>COMMODITY</u>	<u>VALUE</u>
Dairy Products:	
Milk (various forms)	\$5,195,956.78
Livestock Products:	
Lard	496,473.74
Pork Lunch Meat	23,168.13
Vegetable Oils and Products:	
Oleomargarine	60,469.13
Fruit and Vegetable Products:	
Dried Fruit	153,142.97
Canned Fruit Juice	39,778.86
Canned Vegetables	16,219.01
Grain, Feed and Seed:	
Grain: Beans (dried)	79,806.54
Wheat	262,604.02
Rice	227,093.90
Processed Grain:	
Flour	1,584,807.43
Wheat, cracked meal, etc.	678,604.36
Rye	96,124.56
Samples (various)	89.65
Oats, rolled	45,101.08
Cereals, oatmeal, concentrate	9,847.12
Seed: Garden	50,666.91
Miscellaneous: Soups, canned and dehydrated	30,729.08
Miscellaneous handling costs	15,970.92
Special Commodities:	
Soluble Coffee	466.85
Cocoa	152,118.49
Fruit Cake	1,355.16
Syrup	63,725.04
Commodities other than food:	
Cotton	2,256.98
Blankets, cotton	148,742.90
Bags, paper	2,753.50
TOTAL	\$9,438,073.11

(5) Conservation and Use of Agricultural Land Resources,
(Allotment to Food Distribution Administration)

This Budget schedule covers obligations under an allotment from the appropriation "Conservation and Use of Agricultural Land Resources" to the Food Distribution Administration during the fiscal year 1943 for financing, in part, the economic studies and other activities of the Consumers' Counsel Division. This Division has now been discontinued.

MARKETING SERVICE

(h) General Administrative Expenses

This budget schedule covers obligations incurred in 1943 under that portion of this appropriation which was not transferred to other appropriations under the heading "Marketing Service" in the 1944 Agricultural Appropriation Act.

Statement of Overtime Costs

	: 1943	: Est. 1944	: Est. 1945
Overtime absorbed	: \$2,688:	- - -	- - -
Additional funds for overtime (appropriated, 1943; estimated supplemental, 1944; and included in budget estimate, 1945)	: - - :	- - -	- - -
Total cost of overtime (7 months in 1943)	: 2,688:	- - -	- - -

(i) Market News Service

Appropriation Act, 1944	\$1,084,570
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+155,430
Total Anticipated available, 1944	1,240,000
Budget Estimate, 1945	1,241,375
Increase	+1,375

PROJECT STATEMENT

Project	1943	1944 (estimated)	1945 (estimated)	Increase or decrease
1. Market news on livestock, meats, and wool	495,736:	504,980:	505,806:	+826
2. Market news on fruits and vegetables	466,556:	474,000:	474,756:	+756
3. Market news on dairy and poultry products	138,964:	142,770:	140,703:	-2,067
4. Market news on grain, hay, feed, seed, rice, hops, and beans	77,297:	78,950:	79,830:	+880
5. Market news on cotton seed.:	19,466:	19,700:	20,270:	+570
6. Cold storage reports	21,088:	19,600:	20,010:	+410
Unobligated balance	5,548:	- -	- -	- -
Total available	1,224,655:	1,240,000:	1,241,375:	+1,375 (1)
Received by transfer from	:	:	:	:
"Marketing Service, Food Dis-	:	:	:	:
tribution Administration,"	:	:	:	:
general administrative	:	:	:	:
expenses	-23,000:	- -	- -	:
Anticipated deficiency for	:	:	:	:
overtime pay	- -	-155,430:	- -	:
Total estimate or appropria-	:	:	:	:
tion	1,201,655:	1,084,570:	1,241,375:	:

INCREASE

(1) The increase in this item for 1945 consists of \$1,375 for overtime pay required under the War Overtime Pay Act of 1943.

Statement of Overtime Costs

	1943	Est. 1944	Est. 1945
Overtime absorbed	*\$ 1,800:	- -	- -
Additional funds for overtime (appro-	:	:	:
priated, 1943, estimated supplemental,	:	:	:
1944; and included in budget estimate,	:	:	:
1945)	83,000:	\$155,430	\$156,805
Total cost of overtime (7 months	:	:	:
in 1943)	84,800:	155,430	156,805

*Difference between overtime cost and supplemental appropriation.

WORK UNDER THIS APPROPRIATION

Objective: To provide producers, shippers, handlers, government agencies, and others with timely and accurate information on supply, price and conditions affecting the market in order to make the most efficient use of supplies and facilities.

The Problem and its Significance: During 1943 the Market News Service was re-directed toward the more effective use of our food resources and facilities. Daily and semi-weekly market information on movements, price, and supply, as well as summary reports on special marketing problems, played an important part in keeping farm products moving in an orderly flow to areas of greatest demand, thereby conserving transportation and market facilities, and avoiding waste in the food supply.

The dislocations which war brings have increased the dependence of producers and buyers on Market News. Population shifts to army areas and defense cities have brought shifts in demand. Price and supply conditions in secondary markets have become more significant, while trading in large central market exchanges has been very substantially reduced. Crops are being produced where never grown before; new grades and package styles have appeared; agricultural products are being siphoned into new marketing channels. These same conditions which have increased the importance of adequate market information have also made the work of Market News more difficult.

Market News has become increasingly valuable and essential to government agencies. Wartime conditions have made it necessary to establish government controls over the production, transportation, distribution, and price of agricultural products. These controls have been effected by means of price regulations, conservation and limitation orders, set-aside orders, rationing, government purchases, and price supports. Basic to the promulgation and successful operation of all these programs is the existence of timely and accurate Market News.

The Market News Service is attempting, within the limitation of its funds, to meet wartime needs of producers, commercial buyers, and government agencies with additional information on storage movements; new channels of trade; local supply conditions; differentials in price according to grade; and variations in price according to volume, package, and type of sale.

General Plan: Market News is issued under six categories: (1) livestock, meats and wool, (2) fresh fruits and vegetables, (3) dairy and poultry products, (4) grain, hay, feed, seed, rice, hops, and beans, (5) cotton seed, and (6) cold storage.

Permanent Federal market news offices have been established in 39 cities. Seasonal offices are set up each year in approximately 40 producing areas during the active shipping season. Through daily contacts with sellers, buyers, and agencies engaged in assembling, processing, and distributing, information is obtained on supply, demand, prices, and general market conditions.

This information is disseminated by radio, newspapers, mimeographed releases, and bulletin board postings. Reports are sent to interested producers, shippers, brokers, commercial men, and others in order that they may have comprehensive up-to-date information on marketings. A leased wire flashes the data to other cities for compilation into regional and national summaries.

Periodic reports are made on cold storage holdings of food stocks. These reports furnish information regarding stocks on hand, the availability of storage facilities, and the extent to which such facilities are being used.

Examples of Progress and Current Program: A reduction of \$49,000 in the appropriation since 1942 has made necessary the closing of a number of offices, including during 1943 the dairy and poultry news offices in Houston, Texas and in New Orleans; the livestock office in Buffalo, New York; fruit and vegetable offices in Cleveland, Ohio; Detroit, Michigan; and Seattle, Washington. The livestock office in Baltimore was closed at the end of the fiscal year, but reopened in July, 1943 with funds from the State of Maryland.

A new agreement with New York State and New York City became operative during 1943, providing added news on the live poultry market. Market news on live poultry receipts at Boston, Philadelphia, Chicago, Cleveland, and Detroit was also initiated during the year. With the emphasis on wartime needs for market news, reports were issued on the liquidation of dairy cows, the country slaughter of dairy bred calves, marketing of the record hog crop, and other special problems. Efforts were made to curtail or eliminate activities that did not contribute to the war effort. For example, the daily wholesale meat trade reports of the Chicago, Boston, and Philadelphia markets, and the daily reports of the Boston wool market were suspended.

Market news found extensive use during 1943 in the planning of war programs. A War Production Board order issued early in the year freezing 50 percent of the butter for government purchase was based on market news reports on stocks in 35 cities. Official market news quotations were also used as a basis for price-fixing under milk marketing orders. Market reports on cabbage resulted in a program to divert the record crop to kraut. Market news information on points of greatest demand was of material assistance in relieving the serious seasonal glut of new potatoes. Information on cold storage warehousing facilities and operations was used in determining priorities on critical materials needed for the expansion of those facilities.

Among the numerous agencies which used market news information in 1943 were the War and Navy Departments, Justice, Tariff Commission, Interstate Commerce Commission, Office of Price Administration, War Production Board, and Lend-Lease, as well as commodity exchanges, cooperative producing and distributing associations, and numerous trade associations. Many of the basic statistics, including market stocks, movement, quality, sales and prices are available only through this service. Improvements in the leased wire operations made it possible to carry more information and to bring about more effective communication between markets. During the 1943 fiscal year, leased wire extensions were carried to Peoria, Illinois, and extensions were ordered to Idaho Falls, Idaho; Weslaco, Texas; and to Lakeland, Sanford, and Plant City, Florida. The extensions to Idaho Falls and Weslaco have been completed since the close of the fiscal year. There are now 8,077 miles of leased wire in operation, as compared with 7,500 miles as of June 30, 1942.

Increased emphasis was given in 1943 to dissemination of market news by radio. Over 500 stations broadcast 819,045 market news programs, donating time valued at \$10,000,000. Stress was placed on adequate coverage of rural areas rather than on high-powered stations.

The popularity of Market News is revealed in part by the 1943 Iowa Radio Audience Survey conducted by the University of Wichita. According to this study, 58.1 percent of the farm men and 33.2 percent of the farm women surveyed named Market News as one of the five best-liked program materials.

Number of Radio Stations Carrying Market News

<u>Fiscal year 1/</u>	<u>Number of Stations</u>
1937	185
1938	265
1939	345
1940	393
1941	431
1942	435
1943	512

1/ As of about February.

MARKET NEWS FIELD OFFICES
(Fiscal Year 1944)

P Permanent
S Seasonal

LM Livestock & Meats
FV Fruit & Vegetable
DP Dairy & Poultry
G Grain, Hay, etc.
CS Cotton Seed

State and City:	LM:	FV:	DP:	G:	CS:	State and City:	LM:	FV:	DP:	G:	CS:
<u>Alabama</u>						<u>Iowa</u>					
Mobile		S				Des Moines	P				
Montgomery	P					Sioux City	P				
<u>Arizona</u>						<u>Kansas</u>					
Phoenix		S				Wichita	P				
<u>California</u>						<u>Kentucky</u>					
Brawley		S				Louisville	P				
Fresno		S				<u>Louisiana</u>					
San Francisco	P	P	P	P		Hammond		S			
Los Angeles	P	P	P	P		New Orleans		P			
<u>Colorado</u>						<u>Maine</u>					
Denver	P	P	P			Presque Isle		S			
Rocky Ford		S				<u>Maryland</u>					
<u>Florida</u>						Baltimore	P	P	P		
Belle Glade		S				<u>Massachusetts</u>					
Hastings		S				Boston	P	P	P		
Lakeland		S				<u>Michigan</u>					
Leesburg		S				Benton Harbor		S			
Pompano		S				Detroit	P		P		
Sanford		S				Grand Rapids		S			
Plant City		S				<u>Minnesota</u>					
<u>Georgia</u>						Minneapolis		P		P	
Atlanta		P		P	P	So. St. Paul	P				
Macon		S				<u>Mississippi</u>					
Moultrie		S				Crystal Springs		S			
Thomasville	P					<u>Missouri</u>					
<u>Idaho</u>						Kansas City	P	P		P	
Idaho Falls		S				St. Louis		P			
Payette		S				So. St. Joseph	P				
<u>Illinois</u>						<u>Nebraska</u>					
Anna		S				Omaha	P				
Chicago	P	P	P	P		<u>North Carolina</u>					
Nat'l Yards	P					Chadbourn		S			
Peoria	P					Washington		S			
<u>Indiana</u>						<u>New York</u>					
Indianapolis	P					New York	P	P	P		
						Rochester		S			

(Continued on next page)

(continued)

State and City	LM	FV	DP	G	CS	State and City	LM	FV	DP	G	CS
<u>Ohio</u>						<u>Dallas</u>					P
Cincinnati	P	P				Ft. Worth	P	P			
<u>Oklahoma</u>						Houston	P				
Oklahoma City	P					Jacksonville		S			
<u>Oregon</u>						Laredo		S			
Milton-Freewater		S				San Antonio	P				
North Portland	P					Weslaco		S			
Portland		P	P	P		<u>Utah</u>					
<u>Pennsylvania</u>						Ogden	P				
Philadelphia	P	P	P			<u>Virginia</u>					
Pittsburgh		P	P			Onley		S			
<u>South Carolina</u>						Richmond			P		
Allendale		S				Washington					
Charleston		S				Seattle			P		
<u>Tennessee</u>						<u>Wisconsin</u>					
Nashville	P					Waubesa		S			
<u>Texas</u>						<u>Wyoming</u>					
Corpus Christi		S				Casper	S				
Crystal City		S				<u>West Virginia</u>					
						Martinsburg		S			
						Total Permanent	30	17	13	7	2
						Total Seasonal	1	36	-	-	-
						GRAND TOTAL	31	53	13	7	2

(j) Market Inspection of Farm Products

Appropriation Act, 1944	\$474,137
Anticipated deficiency for overtime pay required	
by the War Overtime Act of 1943	+72,542
Total anticipated available, 1944	546,679
Budget Estimate, 1945	547,679
Increase	+1,000

PROJECT STATEMENT

Project	1943	1944 (estimated)	1945 (estimated)	Increase or decrease
1. Inspection and certification of fresh and processed fruits and vegetables	334,788	374,191	375,191	+1,000
2. Grading and certification of dairy and poultry products	61,035	64,560	64,560	- -
3. Inspection and certification of rice, hay, beans, peas, and seed..	35,233	38,578	38,578	- -
4. Grading and certification of meats	36,855	40,368	40,368	- -
5. Inspection of cottonseed	26,737	28,982	28,982	- -
Covered into Treasury in accordance with Public Law 674	3,700	- -	- -	- -
Unobligated balance	4,489	- -	- -	- -
Total available.....	502,837	546,679	547,679	+1,000 (1)
Received by transfer from "Marketing Service, Food Distribution Administration," general administrative expenses	-9,000	- -	- -	- -
Anticipated deficiency for overtime pay	- -	-72,542	- -	- -
Total estimate or appropriation..	493,837	474,137	547,679	

INCREASE

(1) The increase of \$1,000 in this item for 1945 is for overtime pay required under the War Overtime Pay Act of 1943.

Statement of Overtime Costs

	1943	Est. 1944	Est. 1945
Overtime absorbed	*\$1,843	\$34,120	\$34,120
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944; and included in budget estimate, 1945) ..	25,000	72,542	73,542
Total cost of overtime (7 months in 1943)	26,843	106,662	107,662

*Difference between overtime cost and supplemental appropriation.

WORK UNDER THIS APPROPRIATION

Objective: To provide an impartial and uniform inspection and grading service for farm and food products, and to provide certificates of quality, class and condition which will make it possible for agricultural products to be delivered on contracts at destination markets, and Army and Navy posts. Qualified government graders and inspectors will, upon request, issue a certificate of inspection based upon Federal standards at most shipping points and terminal markets throughout the country.

The Problem and its Significance: One of the most important single problems in marketing is the provision of some means whereby a product can be accurately and impartially described. This problem as related to farm products has been intensified under increased government buying as the grading and inspection work carried on under this appropriation has expanded substantially to meet wartime needs. The Army Services of Supply, for example, has requested that almost all its purchases of canned goods be certified by experienced inspectors. Likewise, all purchases of foods for Lend-Lease shipment must be inspected and certified as conforming to contract specifications. Other government buyers, as well as commercial concerns, have come to depend increasingly on the work of the inspection force maintained by the Department of Agriculture.

The fact that this system of inspection and certification was developed before the outbreak of war, and was ready at a moment's notice to undertake the work of protecting government buyers from fraud and misrepresentation, has saved thousands of dollars and speeded up by many weeks the purchase of food necessary for our armed forces and our allies. As a result of educational activities carried on over a number of years, most producers, dealers, and handlers are thoroughly familiar with official standards and their use. Consequently, much time has been saved, and comparable bids have been received simultaneously from all parts of the nation in response to invitations to sell.

General Plan: Inspections of farm products are made, and certificates issued, by licensed inspectors, with the aid of sampler assistants. They are trained and supervised by Federal supervisors who are responsible for the uniform interpretation and application of United States Standards throughout the country. This inspection service is permissive and is done on request.

Revenue: During 1943 collections deposited into miscellaneous receipts of the Treasury amounted to \$437,047, which is equivalent to 90 percent of the appropriation.

Examples of Progress and Current Programs:

Inspection and certification of fresh and processed fruits and vegetables: Cooperative Federal-State inspection of fresh fruits and vegetables is being carried on at shipping points in every State. Forty-four of the cooperative agreements establishing these arrangements were amended last year to make the work more nearly self-supporting, and to bring about greater uniformity among the States. Approximately half of the fruits and vegetables shipped in carload lots during the year were packed on the basis of United States Standards.

As a matter of convenience, inspectors are stationed in large Naval stations and at Army buying points to inspect farm and food products offered for sale to the armed forces.

Continuous inspection service was requested by 86 fruit and vegetable canning plants in 1943, compared with 52 in the previous year. Plants packing dehydrated products for sale to the government utilized this service extensively.

Inspection of cottonseed: All cottonseed purchased in connection with the program for securing cottonseed oil for war purposes likewise must be graded, and the sampling equipment at 381 cottonseed crushing mills inspected periodically. As a part of this program, priorities were secured for necessary sampling equipment, or direction given for home construction where possible. A total of 701 licensed and bonded samplers were placed at 381 crushing mills. Federal inspectors made approximately 5,300 visits to these mills during the year to inspect the equipment and instruct the samplers in its use. Twenty-four qualified chemists were licensed to analyze the samples and determine grades. Laboratories operated by the licensed chemists were inspected on an average of five times each during the year. A total of 158,811 official certificates of grade, representing over 4 million tons of cottonseed, were issued in 1943.

Grading and certification of dairy and poultry products: Inspection and grading of dairy and poultry products continued in 1943 to operate on self-supporting basis. Practically all the States are now under Federal-State cooperative agreements. Cooperative agreements with 9 additional States were completed during the year to provide grading service in a wider area.

Resident samplers have been placed in all egg breaking and egg drying plants manufacturing and/or selling products to government agencies for Lend-Lease, to insure adequate supervision for the control of the quality of dried eggs manufactured for Lend-Lease. Increased demand for eviscerated poultry has resulted in expansion in the grading of such products to 69 plants throughout the country, as compared with 53 last year.

Inspection and certification of rice, hay, beans, peas and seed:

Over 7 million 100-pound bags of rice were graded this year as against $3\frac{1}{2}$ million for the preceding year. The inspection service was extended to cover purchases made in the Dominican Republic in connection with the Lend-Lease procurement program. A total of 16,000 hay inspection certificates covering 387,000 tons of hay and straw were issued during the year as compared with 12,655 certificates and 179,877 tons for the preceding year. Bean inspection likewise increased by reason of the set-aside order and Lend-Lease and other procurement programs. A total of 7,607,000 bags of 100 pounds each were inspected and 12,372 certificates issued. This compares with 5,404 bags for the previous year and 10,259 certificates. More than 7 million bags of peas were inspected during the year as compared with $2\text{-}1\frac{1}{4}$ million bags during the previous year. At the request of the War Department the latter part of the year most of the grain products, other than flour, purchased by the Army were inspected.

Various other classes of commodities such as fats and oils, soaps, vitamins, Army biscuits, and other miscellaneous commodities were assigned to this Administration for inspection. Approximately 2 billion pounds of the various commodities having an estimated value of 100 million dollars were inspected during the year.

Grading and certification of meats: The total tonnage of meats and animal products graded this year was approximately $6\text{-}3\frac{3}{4}$ billion pounds, or three times the amount graded last fiscal year. Of this amount $2\frac{1}{2}$ billion pounds were for Federal Surplus Commodities Corporation purchases and $4\text{-}1\frac{1}{4}$ billion pounds for commercial use. During the year 23 official meat grading centers were instituted in addition to the 32 stations in operation at the beginning of the fiscal year. In addition to the 55 regular grading stations there were in operation and available for service 65 sub-stations and many major points covered by graders of itinerant status. Meat grading activity was substantially increased this year because of the demand for grading service by the War Shipping Administration on ports of embarkation and by increased purchases of Lend-Lease products.

The following tabulation shows the growth of market inspection work. Funds appropriated for this work are used primarily for supervisory functions and are supplemented by fees collected from persons requesting the service. These fees are used to cover expenses of the inspection force.

Products Inspected	1941	1942	1943
Fruits and Vegetables			
Fresh Fruits and Vegetables (Carloads)	544,838:	556,806 :	544,577
Processed Fruits and Vegetables (Gradings)	14,203:	113,600 :	191,280
Dairy and Poultry			
Butter (lbs.)	278,147,546:	333,766,655 :	405,573,932
Cheese (lbs.)	44,496,181:	350,028,906 :	191,562,691
Eggs (cases)	3,296,927:	5,517,953 :	4,491,356
Dressed and live Poultry (lbs.)	147,340,059:	195,920,288 :	284,162,946
Frozen eggs, graded (lbs.)	21,700,348:	66,602,398 :	21,711,622
Frozen eggs, inspected (lbs.)	266,830:	2,234,220 :	2,053,940
Dried eggs (lbs.)	944,418:	138,896,111 :	227,668,861
Dry skim milk (lbs.)	30,603,939:	185,359,943 :	282,024,261
Evaporated milk (cases)	4,749,132:	37,917,146 :	33,190,270
Grain Products			
Rice (hundred-weight)	4,484,482:	6,459,267 :	8,100,000
Hay (number of inspections)	9,590:	13,595 :	14,069
Beans and peas (1,000 bags)	6,258:	8,080 :	14,000
Seed (1,000 pounds)	5,498:	9,941 :	7,923
Meats			
Fresh and frozen (lbs.)	678,376,599:	1,023,708,951 :	4,806,080,043
Cured (lbs.)	13,408,401:	422,469,621 :	505,588,147
Manufactured (lbs.)	8,207,523:	617,338,099 :	618,558,752
Miscellaneous	4,134,565:	577,115,302 :	1,039,236,517
Cottonseed (samples analyzed)	56,793:	52,110 :	158,766

(k) Supplies and Transportation, Army, Transfer to Agriculture (Food Distribution Administration)

This Budget schedule covers obligations under funds transferred to the Food Distribution Administration by the War Department, under authority contained in the Agricultural Appropriation Act, for the inspection of hay and supervision of Army hay inspectors.

(1) Marketing Farm Products

Appropriation Act, 1944	\$388,250
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+ 62,440
Total anticipated available, 1944	450,690
Budget Estimate, 1945	451,500
Increase	<u>+810</u>

PROJECT STATEMENT

Project	1943	1944 (estimate)	1945 (estimate)	Increase or Decrease
Standardization and marketing re- search on:				
1. Fresh and processed fruits and vegetables	56,200:	60,200	60,300	+100
2. Livestock, meats and wool	69,244:	80,100	80,250	+150
3. Dairy and poultry products....	16,800:	21,460	21,500	+ 40
4. Grain, rice, beans, peas, hay, and seed	90,200:	96,730	96,900	+170
5. Cotton	156,350:	192,200	192,550	+350
Covered into Treasury in accord- ance with Public Law 674	1,500:	- -	- -	- -
Unobligated balance	2,756:	- -	- -	- -
Total available	<u>393,050:</u>	<u>450,690</u>	<u>451,500</u>	<u>+810 (1)</u>
Received by transfer from				
"Marketing Service, Food Dis- tribution Administration",				
general administrative expen- ses	-8,000:	- -	- -	
Transferred to "Salaries and expenses, Office of Information":	+7,400:	- -	- -	
Anticipated deficiency for over- time pay	- -:	-62,440	- -	
Total estimate or appropriation :	<u>392,450:</u>	<u>388,250</u>	<u>451,500</u>	

INCREASE

(1) The increase of \$810 in this item for 1945 is for overtime pay required under the War Overtime Pay Act of 1943.

Statement of Overtime Costs

	1943	Est. 1944	Est. 1945
Overtime absorbed	*\$3,038:	- - :	- - :
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944; and included in budget estimate, 1945)	25,000:	\$62,440:	\$63,250
Total cost of overtime (7 months in 1943)	28,038:	62,440:	63,250

* Difference between overtime cost and supplemental appropriation.

WORK UNDER THIS APPROPRIATION

Objective: To establish standard grades and specifications for farm and food products and to revise these standards as the need arises; to conduct studies of marketing methods and practices; and to make analyses of cotton fiber.

The Problem and its Significance: Many problems have arisen under this activity as a result of changing world conditions and a concurrent change in the requirements of the marketing process. Progress has been guided by these requirements.

This Administration has been called upon to inspect and grade products which are new on the market and for which official grades have never been established, such as dehydrated and compressed foods, dried eggs, vitamins, and army rations. Specifications have been formulated for many of these products.

Uniform standards and specifications constitute the basis of Federal grading by Food Distribution Administration throughout the country of all farm and food products and related commodities.

The personnel and laboratory facilities ordinarily engaged in the standardization research and testing work have again this year been devoted largely to activities in connection with the inspection and certification of a large number of miscellaneous commodities purchased principally under the Lend-Lease Program for shipment to other members of the United Nations and of various products purchased by the War Department for the use of our armed forces. Official standards assure that the Government obtains commodities of the quality for which it contracts.

United States grade specifications are used in Food Distribution Orders of the War Food Administration, issued for the purpose of insuring an adequate supply of food to the armed forces and proper distribution to the civilian population.

The adoption of Federal standards by canners and processors as a basis for purchasing raw products for canning, manufacture, freezing, and dehydration is becoming more widespread each year. The use of the standards has encouraged growers to produce and harvest a higher quality product for which canners and processors have paid higher prices. Purchases of raw products on the basis of United States Standards enables processors to pay more because waste in manufacture is less, labor costs are reduced and the volume of receipts suitable for processing is higher. Processors and consumers both benefit because the quality of the manufactured product is superior.

Revisions of standards from time to time and continuous study of the problems of grading and standardization are essential if the standards are to service the purpose for which they are intended. New varieties and improved handling techniques are constantly being introduced. New insects and diseases also call for reappraisal of tolerances and other changes in requirements within the grade specifications if they are to represent accurately commercial value.

General Plan: This work is divided into projects by commodity groups. Under each commodity group the same general plan obtains. Standard grades and specifications are established for farm, food and related products, which are used by the inspection force.

Continuous laboratory research is conducted to analyze, test, and revise these standards to assure their adaptability to current needs. Other research and testing is conducted as problems arise on marketing methods and practices, quality improvement, and related subjects.

Educational and demonstration work is carried on to keep producers, handlers, and consumers informed on the use and value of United States Standards, and to disseminate statistical data compiled as a result of research studies.

Revenue: All of the important cotton breeders of the United States are now using fiber and spinning test results which enable them to ascertain the first year if their new strains of cotton possess fiber properties which produce superior manufactured products. During 1943, one or more tests were made on each of 3,074 samples. For this service \$10,439.60 was collected for deposit into miscellaneous receipts of the Treasury.

Examples of Progress and Current Programs: Increased Government buying and concerted efforts to reduce the spread between farm and consumer prices in order to hold down the cost of living have re-emphasized the importance of standardization studies and marketing research. Programs under this appropriation have been accelerated, grades have been revised and new standards have been established to meet emergency requirements. This has been accomplished by improved procedures and more efficient operations under an appropriation that has declined from \$431,470 in 1940 to \$388,250 in 1944.

The following examples of recent accomplishments are cited by projects to show progress in the development of standard grades, and in marketing research.

Standardization and marketing research on fresh and processed fruits and vegetables: Seventy-two United States Standards for Grades of processed fruits and vegetables were in effect at the close of the fiscal year. Of this number, 49 were for canned fruits and vegetables, 6 for dried fruits and vegetables, 11 for frozen fruits and vegetables, and 6 for barrelled fruits and vegetables, an increase of 12 standards for the fiscal year. Thirteen United States Standards for Grades were revised.

Seven special specifications were issued for the Office of the Quartermaster General, and six were issued for the Federal Surplus Commodities Corporation.

Research has been continued in the field of food preparation and processing, and inspection and research work incident to developing standards for grades of dehydrated fruits and vegetables is under way.

Federal Specifications are being amended and revised as rapidly as possible so that the United States Standards for Grades may be incorporated therein as quality requirements. Five Federal Specifications were amended, and six new Federal Specifications were issued during the fiscal year.

During 1943, United States Standards for Creole onions and Shelled Runner peanuts were revised and standards for tomato plants were issued for the first time.

United States Standards for 64 different products have been issued. Since two or more standards are necessary for some products, owing to differences in type and uses, a total of 106 sets of standards have been issued.

During the year investigations were completed for revisions of United States Standards for Eastern Type bunch grapes for table use, and also for processing and freezing, citrus fruits, broccoli, apples for processing, Shell Spanish peanuts, and pecans.

Investigations were also conducted with a view to issuing United States Standards for carrots, onions and cabbage for processing and dehydration, strawberries, and grapefruit.

Standardization and marketing research on livestock, meats and wool: Extensive standardization activities were conducted during the year in the fields of correlation and evaluation. Studies involving physical composition and characteristics as related to grade were carried on almost continuously in an effort to more clearly determine and fix the line of demarcation between grades. This involves also stressing quality, palatability, proportions of edible meat, and the food values in each.

Most of the United States standards and grade for meats were simplified during 1943 in order to make them more usable under present conditions.

Experimental studies involving live animal and carcass grading were conducted in cooperation with the Department's Research Center and with several Agricultural Experimental Stations. New and more conclusive information developed relative to grades was made available in February, 1943, in a revised publication entitled "Rules and Regulations of the Secretary of Agriculture Governing the Certification of Meats, Prepared Meats and Meat Products."

Standardization and marketing research on dairy and poultry products:

All existing Federal standards for dairy products were carefully analyzed and reviewed during 1943 in the light of new developments in quality improvement and control, practical experience, and new conditions of production, processing, and handling. Revised official United States Standards for grades of Cheddar cheese, dried skim milk, and dried whole milk were issued.

Most of the United States Standards and Grades for eggs, butter and dressed poultry were revised during 1943 to make them more adequate for present conditions. The revised Standards and Grades have generally been incorporated in price ceiling regulations.

Considerable work was done in formulating specifications for dried eggs, and while no United States Grades have been issued for these, the specifications developed have been incorporated in the announcements under which dried eggs have been purchased for Lend-Lease. Additional work has been carried on in developing specifications for frozen eggs and in revising the United States Standards for Classes and Grades for live poultry.

An extensive educational and demonstrational program has been organized to familiarize all groups including producers, handlers, and consumers with the requirements of the various United States Standards and Grades and the cooperative Federal-State inspection and grading procedure.

Standardization and marketing research on grain, rice, beans, peas, hay and seed: Over 200 samples of wheat of questionable fitness for mixing with wheat intended for human consumption were analyzed by the fat acidity methods. Some of these samples were milled into flour and the flour baked into bread in order to develop a more fundamental basis for judging the fitness of wheat for human consumption.

Milling, baking and chemical tests were performed on approximately 700 samples of experimentally grown wheat. Milling and baking tests are the ultimate criteria of the quality of wheat used for human food, and were made as part of a broad wheat breeding program to develop and introduce superior varieties of wheat for the various wheat growing areas of the country. As part of the same general program, disc color tests were made on about 150 samples of experimentally grown Durum wheat.

Fat acidity and protein tests were made on approximately 1,500 samples of wheat. Approximately 400 of these samples were milled and the flour baked into bread to determine the effect of various types and conditions of storage and the keeping quality of different classes of wheat.

Studies were conducted on the keeping quality of various types of active dry yeast under different atmospheric conditions for the purpose of obtaining information in connection with the keeping quality of Lend-Lease shipments of this commodity.

Experiments were conducted to determine which of the more important grain products being purchased for Lend-Lease purposes were best suited to compressing in order to save shipping space.

Samples of flaxseed were tested for oil content and iodine number for the Southwest Flaxseed Association. The samples represented a cross section of the 1942 Imperial Valley flaxseed crop and the tests were part of the continuing program to evaluate California flaxseed in terms of its oil content and oil quality.

Considerable progress was made during the year in the testing of vitamins and vitamin products purchased for Lend-Lease purposes and in the testing of enriched flour and bread for the required vitamin and mineral ingredients.

When the Japanese forces occupied Indo-China, Thailand, and Burma, they gained control of the countries which ordinarily produce about 94 percent of the world's exportable surplus of rice. This left the United States, with about 1 percent of world production, as the largest producer of rice among the United Nations. Because of the heavy drain placed on our rice supplies, everything possible has been done to enable American producers to increase the supply of high quality rice. The combining and drying method of harvesting on which research work has been conducted over the past several years is making a direct and important contribution to the effort to make available to our Armed Forces and to other members of the United Nations through the Lend-Lease Program this much desired food.

Tentative United States Standards for lentils and for hops were prepared and recommended for use in marketing these commodities.

Studies were made of the effect of admixtures of soy flour and soy grits with wheat flour and corn meal, respectively, on baking quality and on the palatability of the baked products. It was shown that small quantities of soy flour could be incorporated into white bread without perceptibly altering the quality of the loaf. Much larger quantities of soy grits added to corn meal were found to improve the palatability of corn bread and corn porridge in the opinion of most of the judges. These studies were made in connection with the Department's policy to encourage the use of soy products as food in order to improve the general level of nutrition of the Nation, particularly during wartime when supplies of meat for civilian consumption are low. Soy proteins are nutritionally approximately equivalent to those of meat while the proteins of most cereal products are deficient in certain essential components. Soybeans and their products, therefore, can be largely substituted for meat in the diet without any adverse nutritional effect.

Standardization and marketing research on cotton: Studies have been made to determine the possibilities of utilizing shorter and lower grade cottons in the manufacture of goods required by the military services without lowering the quality of the finished product. The purpose of these studies is to relieve the demand on rapidly decreasing stocks of better quality cotton and to furnish an outlet for the surplus of lower qualities.

An instrument that is expected to speed up fiber testing work has been constructed. Preliminary tests indicate that the instrument is sufficiently accurate to adopt for service testing and research work but further tests will be made before it is adopted for routine use.

Because of the widespread interest in long staple cottons that are required to meet specifications for special products used by the armed services, tests were made to determine the relative manufacturing values of the more wisely used varieties. Only better grades of foreign cottons are imported, so these were compared with cottons from experimental and commercial plantings in the Southwest during the 1942 season.

Studies have been made for the War Department in connection with the problems of color standardization and methods of color measurement.

Information was furnished to the American Hospital Association in connection with grade specifications for absorbent cotton and tests of absorbent cotton delivered on purchase contracts.

Tests of fiber from such plants as jute, hemp, sisal, and abaca, supplies of which have been virtually cut off, have been made.

(m) Tobacco Inspection and Tobacco Stocks and Standards Acts

Appropriation Act, 1944	\$812,530
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+120,052
Total anticipated available, 1944	932,582
Budget estimate, 1945	933,500
Increase	<u>+ 918</u>

PROJECT STATEMENT

Project	: 1943	: 1944 (estimated)	: 1945 (estimated)	: Increase or decrease
1. Administration of the Tobacco Inspection and Tobacco Stocks and Standards Acts	815,044:	932,582	933,500	+ 918
Covered into Treasury in accordance with Public Law 674	10,707:	--	--	--
Unobligated balance	40,249:	--	--	--
Total available	866,000:	932,582	933,500	+ 918 (1)
Received by transfer from "Marketing Service, Food Distribution Ad- ministration." general administrative expenses	-16,000:	--	--	:
Anticipated deficiency for overtime pay	--:	-120,052	--	:
Total estimate or appropriation	850,000:	812,530	933,500	:

INCREASE

(1) The increase of \$918 in this item for 1945 is for overtime pay required under the War Overtime Pay Act of 1943.

Statement of Overtime Costs

	: 1943	: Est. 1944	: Est. 1945
Overtime absorbed	\$61,254	--	--
Additional funds for overtime (appropriated; 1943, estimated supplemental, 1944; and included in budget estimate, 1945)	--	\$120,052	\$120,970
Total cost of overtime(7 months in 1943)	61,254	120,052	120,970

WORK UNDER THIS APPROPRIATION

Objective: To assure tobacco growers a fair return based on current market prices for the quality of the crop produced by providing (1) an indication of the quality of the product through official inspection at designated auction markets at time of sale, (2) current market information to growers, and (3) uniform standards which may be used by growers in preparing the tobacco for market.

The Problem and its Significance: More than 90 percent of the American tobacco crop, which in 1942 totaled 1.4 billion pounds and was valued at \$462,000,000, is sold annually at public auction. From 10-15 percent of the tobacco sales are made at prices materially below the current average for tobacco of the same quality or grade. The losses suffered by tobacco farmers are conservatively estimated to average 5-10 million dollars annually. Profits go to speculators, who live by reselling underpriced lots, warehousemen buying for house accounts, and regular buyers capitalizing on the growers' lack of information.

The six classes of American-grown tobacco are subdivided into 26 types. Each type is further classified by grade. Technical considerations that enter into the determination of grades of tobacco are not generally familiar to tobacco growers. Auction selling of tobacco proceeds very rapidly--the generally accepted average being one sale every ten seconds. Auction warehouses furnish only average selling prices covering all grades sold each day but do not furnish prices by grades.

The principal protection which the grower has against losses in selling his crop is the privilege of rejecting within a specified time the bids which he considers unfair and calling for a resale. Supplied with authentic and unbiased information as to the quality and grade of each lot as well as current market prices for each grade, the grower has the necessary tools to accurately and quickly appraise the bid offered. Losses are further reduced by demonstrating and assisting growers to properly prepare the tobacco for market.

The holdings of American and foreign grown tobacco by dealers and manufacturers represent more than half of the supply of tobacco at the time growers deliver their crop for sale. An accurate appraisal of the volume and quality of the existing supply is indispensable to an understanding of conditions affecting the market. This basic data is available quarterly in the Tobacco Stocks Report, which presents in considerable detail the volume, type, form and groups of grades of such inventories.

General Plan: An auction market is designated by the Secretary of Agriculture for mandatory inspection service after approval by a referendum vote of two-thirds of the growers selling their tobacco at the market. At these designated markets trained inspectors examine the lots of tobacco before the sale and mark the appropriate grade symbol on each basket or lot ticket. Current price reports are made

available to each grower. The grower is then in a position to determine, from a disinterested unbiased source, the value of his tobacco and the price he should receive. If the bid is not considered adequate by the grower he may reject the offer and call for a resale.

Tobacco growers are further assisted in marketing their crop through an extensive educational program including demonstrations on the farm, at schools or at farmer meetings; exhibits at county fairs and farm conventions; and distribution of literature. By these various methods tobacco growers are currently informed of grade standards; the best methods of handling and preparing the product for market; and the value and use of Federal inspection and market reports on the auction floor.

Examples of Progress and Current Program: At the close of the fiscal year 1943, all of the 138 tobacco auction markets in the country had been designated for inspection, with the exception of 4 light air-cured markets in Maryland. Inspection service was extended during the year to 101 of these markets, an increase of 17 over the number served during the previous year. A vigorous training program is being carried on in order to extend the inspection service to the remaining designated but uninspected markets as rapidly as possible. The following table indicates the growth of the inspection service:

Growth of Tobacco Inspection

Crop Year:	Number of:		Tobacco Inspected in Auction Markets	
	Markets :	Sets of :		
	Inspected:	Buyers	Thousand Pounds:	Percent of Total Auction Sales
1936-37	20	26	146,114	14
1937-38	22	28	208,234	15
1938-39	31	41	255,231	21
1939-40	41	58	435,000	28
1940-41	45	66	568,000	34
1941-42	84	114	698,000	63
1942-43	101 <u>1/</u>	145	875,433 <u>2/</u>	68

1/ Five of these markets were covered only during the closing weeks of the season.

2/ This figure represents only the initial inspection of producers' sales on inspected markets. The total volume inspected is increased by rejections and resales in addition to approximately 8,400,000 pounds of fire-cured tobacco of Types 21, 22, and 23 inspected in prizeeries.

During the fiscal year 1943 there were distributed directly to growers in the markets 492,359 mimeographed price reports.

Speculative possibilities during the past season were greatly limited by price ceilings and distribution orders. As a consequence, the quantity of tobacco resold in 1942-43 was only about one-half of that resold in 1941-42.

A summary of the resale operation follows:

Resales of Tobacco

Kind of Market	1942-43				1941-42			
	Pounds		Percent of		Pounds		Percent of	
	Resold		Gross		Resold		Gross	
	: 1,000 lbs. :		:		: 1,000 lbs. :		:	
Flue-cured	: 75,000	:	: 8.6	:	: 72,000	:	: 10.2	:
Fire-cured	: 1,617	:	: 2.5	:	: 2,748	:	: 4.3	:
Burley	: 9,215	:	: 2.6	:	: 18,747	:	: 5.3	:
Dark Air-cured	: 578	:	: 1.6	:	: 1,538	:	: 4.8	:

From 278 sample cases recorded during 1942-43 in the flue-cured markets, in which producers rejected initial offers and held their product for resale, the net gain of the growers was found to be \$6.40 per 100 pounds or a 17.9 percent increase.

The educational program carried on in connection with this work reached approximately 46,000 tobacco growers during the year. The decrease in grower participation in this program was due largely to transportation difficulties and the pressure of increased work for those remaining on the farms.

Preliminary reports on the current year activities indicate an increase in participation this season. The volume of this work during the last 4 years is indicated in the following table:

Tobacco Demonstration Work

	1940		1941		1942		1943	
	: Attend-:		: Attend-:		: Attend-:		: Attend-:	
	: No. :	: ance :	: No. :	: ance :	: No. :	: ance :	: No. :	: ance :
Farm Demonstration	: 1,343	: 27,021	: 1,561	: 25,614	: 1,395	: 19,672	: 1,391	: 17,441
Farmers' meetings	: 126	: 5,304	: 260	: 8,270	: 108	: 3,408	: 101	: 3,450
School demonstra-	:	:	:	:	:	:	:	:
tions	: 504	: 19,971	: 630	: 23,582	: 653	: 25,121	: 559	: 20,172
Farm visits and	:	:	:	:	:	:	:	:
other contacts ...	: 3,279	:	: 5,084	:	: 4,208	:	: 5,084	:
Exhibits at county	:	:	:	:	:	:	:	:
fairs and farm	:	:	:	:	:	:	:	:
conventions	: 24	:	: 31	:	: 25	:	: ** 7	:
Training courses	:	:	:	:	:	:	:	:
for inspectors .	:	:	: 2	: 35	: 6	: 138	: 4	: 77
Training courses at:	:	:	:	:	:	:	:	:
agricultural	:	:	:	:	:	:	:	:
colleges	:	:	: 7	: 247	: 4	: 196	: 5	: 146

	1940	1941	1942	1943
	:Attend-:	:Attend-:	:Attend-:	:Attend-:
	No. : ance	No. : ance	No. : ance	No. : ance
Grading tests held:	:	:	:	:
in the field ...:	:	14 :	196 :	6 :
Pieces of litera- :	:	:	:	:
ture distri- :	:	:	:	:
buted * :	36,687:	177,440 :	62,500 :	62,000:

* Printing suspended for duration of war. Present stocks of printed literature must be spread over next several years.

** Many fairs have been discontinued for the duration.

The information contained in the Tobacco Stocks Report is now used extensively not only by the trade and for research, but also in effectively planning production goals, solving export problems, making allocations of tobacco, and issuing distribution orders.

(n) Perishable Agricultural Commodities, Produce Agency,
and Standard Container Acts

Appropriation Act, 1944	\$177,520
Proposed transfer in 1945 estimates from "Salaries and expenses, Office of the Solicitor" (to provide for contractual reporting services)	+ 4,000
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+ 27,058
Total anticipated available, 1944	208,578
Budget estimate, 1945	210,000
Increase	+ 1,422

PROJECT STATEMENT

Project	1943	1944 (estimated)	1945 (estimated)	Increase or decrease
1. Enforcement of the Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts	192,149:	208,578	210,000	+ 1,422
Covered into Treasury in accordance with Public Law 674	1,000:	- -	- -	- -
Unobligated balance	1,136:	- -	- -	- -
Total available	194,285:	208,578	210,000	+1,422 (1)
Transferred to "Salaries and expenses, Office of Solicitor"	+2,500:	- -	- -	
Received by transfer from "Marketing Service, Food Distribution Admin- istration," general administrative expenses	-4,800:	- -	- -	
Proposed transfer in 1945 estimates from "Salaries and expenses, Office of Solicitor"	- 4,000:	-4,000	- -	
Anticipated deficiency, for overtime pay	- -	-27,058	- -	
Total estimate or appropriation	187,985:	177,520	210,000:	

INCREASE

(1) The increase of \$1,422 in this item for 1945 is for overtime pay required under the War Overtime Pay Act of 1943.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (deleted matter enclosed with brackets):

Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts: To enable the Secretary to carry into effect the provisions of the Perishable Agricultural Commodities Act, approved June 10, 1930, as amended (7 U. S. C. 499a-499r), [and as further amended by the Act of April 6, 1942 (Public Law 516)], and the Act to prevent the destruction or dumping of farm produce, *****.

The deletion of the language referring to the Act of April 6, 1942 is proposed since that ban has now been codified and is included in Section 499b of Title 7 of the United States code, which section is covered by the code reference included in the remaining language.

Statement of Overtime Costs

	: 1943	: Est. 1944	: Est. 1945
Overtime absorbed	: \$12,765	: - -	: - -
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944: and included in budget estimate, 1945) :	: 2,000	: 27,058	: 28,480
Total cost of overtime (7 months in 1943)	: 14,765	: 27,058	: 28,480

* Difference between overtime cost and supplemental appropriation.

WORK UNDER THIS APPROPRIATION

Objective: To protect producers, handlers and consumers from fraudulent practices in the marketing of perishable agricultural commodities in interstate and foreign commerce.

The Problem and its Significance: A considerable part of the perishable fruit and vegetable crop (in 1943 valued at more than 2 billion dollars) is marketed through commission merchants, dealers and brokers. Approximately 17 percent of the crop is normally marketed in hampers and baskets, of which the annual requirements exceed 800 million. Due to the nature of the commodities and the speed with which they must be marketed in order to prevent spoilage, there are innumerable ways in which the buyer or the shipper can defraud the producer, handler and consumer. He can attempt to evade the terms of the contract, refuse to pay for the produce delivered, reject the shipment entirely, attempt to misrepresent or misbrand the product offered or purchased as to quantity, quality and condition, fail to keep an adequate and proper accounting for his transactions, or use deceptive and short-weight containers. Before the passage of these regulatory acts, producers, handlers and consumers were without protection from these practices. The results were losses to growers, waste of food through spoilage or dumping, and increased costs to consumers.

The Perishable Agricultural Commodities, Produce Agency and Standard Container Acts were all measured enacted by the Federal Government, at the request of the industry, to regulate and control produce marketing.

The enforcement of these acts becomes especially important during wartime. The turnover of dealers is abnormally large; prices fluctuate rapidly; short supplies and heavy demand require efficient distribution; and the most economical packaging and handling methods must be used to conserve materials, labor, transportation and other facilities.

General Plan: Each commission merchant, dealer, and broker handling fresh fruits and vegetables in interstate and foreign commerce is required to secure a license from the Department of Agriculture at a fee of \$10.00 per year. Workers stationed at strategic markets throughout the country interview applicants and recommend action on the issuance of the licenses. These workers also investigate complaints under the acts and compliance on the part of produce merchants. Violations are dealt with by revocation or suspension of licenses, the payment of reparation awards after the filing of a formal complaint with the Secretary, or informal determination by the Secretary's representative after the disputing parties have agreed to abide by his decision. More and more the latter method of settlement is being used.

The Standard Container Acts established standard sizes for Climax Baskets, berry boxes, till baskets, hampers, round stave, and splint baskets used in marketing fresh fruits and vegetables. All basket manufacturers must submit their specifications to the Department for approval. The containers must comply with standard specifications, be of proper capacity, and must not be deceptive in appearance.

Items not measuring up to these standards cannot be manufactured until the error has been corrected. Compliance under the Standard Container Acts is secured, and unknowing violations are prevented, through periodic factory inspections or by examination in the Washington testing laboratory of sample containers voluntarily submitted by manufacturers.

Some cases of violations are prosecuted in the Courts resulting in fines or the seizure of the containers. These containers may be destroyed, released for reconditioning or used in other ways. Scores of technical violations require corrective adjustments to make the containers conform to the standards.

Revenue: In addition to the collection of license fees, the Act as amended authorizes the collection of license arrearage fees and the assessment of penalties not to exceed \$25.00. During 1943, \$195,952 was collected and deposited in Miscellaneous Receipts--an amount equal to 104% of the appropriation.

Examples of Progress and Current Program: During the past year the trend continued toward an increased number of amicable settlements of disputes, without formal complaint to the Secretary. Although the number of such settlements in 1943 increased only 46 over 1942, figures for the past three years clearly indicate the growing confidence which the trade has in the Department's ability to settle fairly these trade disputes. Many disputes and violations are averted by calling on Departmental representatives for advice as to the rights and responsibilities of the parties involved.

Although many dealers and truckers have been obliged to discontinue business for reasons such as entering the armed services or the shortage of gasoline and tires, others have been attracted to and entered the produce field. Because of the shortage of investigators and the difficulty of traveling, however, it has not been possible to continue the usual checking of license prospects throughout the country. As a result, it is possible that many dealers are operating without a license in violation of the Act.

Many violations of the Standard Container Acts are unintentional. Normally, the Department asks for prosecution only of those who are deliberate violators. The most effective plan of enforcement, however, has been found to be inspection at the factory at regular intervals. Because of limited funds during the past three years, it has been necessary to reduce the field force until in 1943 there was only one person performing factory check-ups. The balance of the work has been performed in the Washington laboratory on the basis of samples voluntarily submitted. Beginning in the current fiscal year, the enforcement of the Acts carried under this appropriation has been merged. As rapidly as measuring tools can be secured, field employees formerly working on enforcement of the Perishable Agricultural Commodities and Produce Agency Acts are being trained to perform factory check-ups.

The following summary indicates the volume of the licensing and enforcement activities during the past three fiscal years:

Licensing Activities

	<u>1941</u>	<u>1942</u>	<u>1943</u>
Licenses issued during the year	5,786	5,417	4,935
Licenses terminated	6,766	5,633	5,325
Licenses in effect at end of fiscal year ..	19,770	19,014	18,634
Net license fees received and deposited ...	\$200,883	\$200,314	\$195,952

Enforcement Activities

<u>Perishable Agricultural Commodities Act</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
Complaints received	2,341	2,118	1,889
Complaints personally investigated	580	483	404
Formal decisions rendered by the Secretary	253	250	125
Formal awards of reparation	\$100,819.15	\$84,873.71	\$59,021.35
Informal amicable settlements	744	984	1,030
Payments made under amicable settlements	\$236,938.57	\$401,921.19	\$602,564.94

Produce Agency Act

Complaints handled	73	34	33
Complaints personally investigated	30	23	15
Convictions	--	1	--

Standard Container Acts

Number of factories operating	329	331	250
Number of factories visited	35	59	70
Number of certificates of approval issued	46	15	15
Number of items manufactured (estimated).	1,638	1,694	1,694
Number of items tested	328	448	349
Number of infractions found	109	103	61
Number of individual samples tested	2,465	2,586	1,206

Although the Perishable Agricultural Commodities Act was not intended to be a revenue producing Act, the collections each year have exceeded the expenditures made.

(c) Cotton Statistics, Classing, Standards, and Futures Acts

Appropriation Act, 1944	\$1,042,428
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+ 168,355
Total anticipated available, 1944	<u>1,210,783</u>
Budget estimate, 1945	<u>1,210,783</u>

PROJECT STATEMENT

Project	: 1943	: 1944 :(estimated):	: 1945 :(estimated):	: Increase or decrease
1. Grade and staple estimates of the carry-over and the crop	\$236,479:	\$256,383	\$256,383:	- -
2. Classification and information for groups organized for quality improvement	279,763:	357,993	357,993:	- -
3. Administration of the Cotton Standards and Cotton Futures Act	544,625:	596,407	596,407:	- -
Covered into Treasury in accordance with Public Law 674	5,500:	- -	- -	- -
Unobligated balance	19,061:	- -	- -	- -
Total available	<u>1,085,428:</u>	<u>1,210,783</u>	<u>1,210,783:</u>	- -
Received by transfer from "Marketing Service, Food Distribution Administration," general administrative expenses	-18,000:	- -	- -	- -
Anticipated deficiency for overtime pay	- -	-168,355	- -	- -
Total estimate or appropriation	<u>1,067,428:</u>	<u>1,042,428</u>	<u>1,210,783:</u>	

Statement of Overtime Costs

	: 1943	: Est. 1944	: Est. 1945
Overtime absorbed	* \$4,000	- -	- -
Additional funds for overtime (appropriated, 1943; estimated supplemental, 1944; and included in budget estimate, 1945)	93,000	\$168,355	\$168,355
Total cost of overtime (7 months in 1943)	97,000	168,355	168,355

* Difference between overtime cost and supplemental appropriations.

WORK UNDER THIS APPROPRIATION

Objective: The cotton programs carried on under this appropriation have the following general objectives: to assemble and distribute information on the grade and staple length of cotton carry-over stocks and the crop; to give definite encouragement to cotton quality improvement by providing classification and market news for organized growers; to establish official standards of quality; to facilitate the use of official standards by classing or supervising the classing of spot cotton and cotton linters and classing all cotton offered for delivery in settlement of futures contracts; to supervise the quotation of commercial differences in designated spot markets; to disseminate cotton market information as to market prices and conditions.

The Problem and its Significance: When the quantity and quality of cotton produced from year to year is known, production may be more accurately adjusted to needs and farmers may concentrate on those qualities which may be grown and marketed to best advantage. Without such information, maximum effectiveness cannot be obtained in the production and marketing of those types of cotton that are best adapted to the needs of the cotton manufacturing industry and to the requirements of ultimate consumers of finished textiles.

The classification of cotton according to recognized standards of quality as a basis for transactions between merchants and cotton mills has been an established practice for many years. No cotton merchandising organization or manufacturer could operate without skilled classers. Cotton farmers, however, are not cotton classers, and generally they are not able financially to employ classers to do the work for them. As a result many cotton farmers market their product at a disadvantage.

The classification and market news service authorized by the Smith-Doxey Act places the members of organized groups of cotton growers in a more advantageous marketing position by enabling them to compare quality with financial returns.

Military needs have increased substantially the demand for longer staple, higher quality cotton. Material improvement in the quality of American cotton, illustrated by the fact that last year's crop (1942-43) contained about 10 percent more cotton of 1-1/8 inch and longer staple than that of the previous year, is due in large part to this improvement program.

Before the inauguration of cotton standardization work in the Department, the lack of uniform standards was detrimental to cotton growers, handlers and manufacturers. Identical grade names were applied in different markets to cotton of different quality and price. Enactment of the Cotton Standards and Cotton Futures Acts, administered under this item, has resulted in the promulgation of a set of official cotton standards which is the required basis of all transactions in interstate and foreign commerce involving the sale of cotton and linters according to standard description.

General Plan: Estimates of the carry-over and the crop involve the preparation of two types of statistical reports, giving an up-to-date picture of the grade and staple length of the available supplies of cotton. The carry-over report issued annually, shows the quality of the stocks of cotton on hand at the close of the season. The second type of report - a series of not less than three, and usually more, showing the grade and staple length of the current crop - is issued during the ginning season. Reports on the current crop are based on the classification of samples supplied by ginners who are willing to cooperate in the work. The purpose of these reports is to furnish a permanent record, by States and by districts, of the quality of cotton ginned in the United States during specified periods.

Patrons of cotton gins that are cooperating in grade and staple statistics work are furnished the classification of all bales of cotton from which samples are obtained. Many ginners who were reluctant to cooperate in the early stages of the work are now eager to participate due to farmer interest.

Under the provisions of the Smith-Dooley Act, the classing and market news services are furnished free to farmers who organize and adopt improved varieties whose merits have been demonstrated by experimental results.

At the end of each ginning season a detailed report showing the grade and staple length of cotton submitted by groups for classification is prepared and furnished ginners, group representatives, and certain State and Federal agencies interested in cotton improvement.

During the active marketing season price quotations and other market reports are furnished group representatives and individual members of groups. Group representatives post price quotations at gins or other places where farmer-members have access to them before selling their cotton. Farmers use this information for determining prices that should be received. Future prices are obtained from radio reports, newspapers, or other published sources. So that farmer-members may have an up-to-date service on prices at all times, special efforts are made to have futures prices broadcast at regular intervals throughout the cotton season.

To serve as official standards for measuring the quality of cotton, two kinds of practical samples are prepared from selected cottons purchased specifically for that purpose. One consists of boxes of cotton representing various grades, and the other small rolls of cotton representing the staple lengths of different varieties.

Under the provisions of the Cotton Standards Act, the Federal Government is authorized to license and supervise qualified cotton classers who are not actually in its employ. A much more extensive classification service is thus provided than would be possible through Federal action alone. Boards of Cotton Examiners are maintained at all major cotton marketing centers; a Board of Supervising Cotton Examiners is located at Memphis, Tennessee; and at Washington an Appeal Board of Cotton Examiners passes finally on the classification of samples.

In addition to the supervisory work, the Boards of Cotton Examiners themselves provide an extensive classification service for the public generally, or for governmental agencies dealing in cotton through purchases or loans.

The purposes for which this classing service is requested vary greatly from year to year, and the machinery for applying the accepted standards in determining quality is adjusted to the changing needs. At the present time much of the classing is directly related to wartime purchases. The market is disturbed and abnormal. All transactions must be handled with utmost speed. The fact that this service has been a well established activity for many years is serving notably to safeguard cotton farmers, manufacturers, and dealers, as well as to protect the interest of the government as a handler of cotton during the present emergency. All cotton purchased for Lend-Lease purposes and cotton used by the textile mill at the Federal Penitentiary at Atlanta, Georgia, must be classed by Federal employees, and extensive use of the service is made by manufacturers who have contracts to supply cotton goods to the Army and the Navy according to quality specifications.

The Department of Agriculture is authorized by the Cotton Futures Act to supervise cotton price quotations in the ten designated spot markets. Regular calls are made by Department representatives at each of the markets to discover inaccuracies and discrepancies in quotations and to assist in their correction. At the present time each of the ten designated markets is quoting daily values for about 200 different qualities of cotton, embracing the entire range of grades and many staple lengths. These quotations, and general information on the cotton situation, are transmitted to the public by direct mail, press and the radio.

Revenue: Loose cotton collected from the 1942-43 crop in connection with the classing done under the Smith-Doxey Act had a total value of about \$246,000, or about 88 percent of the amount expended for this work in 1943.

Earnings under Cotton Standards and Cotton Futures Acts consist of (a) fees for the classification of cotton and linters, (b) returns from sales of loose cotton that has been accumulated in the classing and standardization activities, (c) license fees, and (d) returns from sales of copies of standards. Collections in the fiscal year 1943 were as follows:

Classing fees	\$254,109.45
Classification of cotton linters	5,601.90
Fees for licenses:	
Classifiers of cotton	\$3,655.00
Classifiers of cotton linters	275.00
Total fees	3,930.00
Sales of copies of standards:	
Cotton	15,744.40
Cotton linters	161.75
Cotton yarn	5.00
Hemp	119.00
Total sales	16,030.15
	279,671.50

In addition, loose cotton was turned over to the Treasury for sale as follows:

	Number of Bales	Weight (Pounds)	Estimated Value
Cotton	3,698	1,771,326	273,234.05
Linters	91	48,033	2,984.93

Examples of Progress and Current Program: The following examples are cited by projects to show recent accomplishments under this appropriation.

Grade and staple estimates of the carry-over and the crop: Under this program the average staple length of cotton has shown steady improvement. For the five-year period ending in 1943 an average of only \$220,250 per annum was expended on this work, with no material increase in expenditures in any one year. The following table reflects the improvement in staple length of the cotton crop during that period:

Crop Year	Fiscal Year	Average staple length (32nd inches)	Expenditures
1938-39	1939	31.66	\$213,517
1939-40	1940	31.29	214,429
1940-41	1941	31.92	216,787
1941-42	1942	31.98	220,030
1942-43	1943	31.90	236,479

Although the 1942-43 season was generally recognized as more favorable for the short staple varieties, the total crop averaged only slightly shorter than in the previous year and was approximately 1/16 inch longer than that for 1928-29, the first year for which quality statistics were available.

In addition to the regular statistical reports, numerous estimates and forecasts were prepared in 1943 for use within the War Food Administration and by other governmental agencies engaged in war activities. One example was an extensive table showing estimates of stocks, production, supplies, consumption, and exports, by grade and staple, which was prepared for use in developing the 1943 goals for cotton production and kept current by revisions as the season advanced. The figures compiled for this table show that although there is no shortage of cotton in this country there is a scarcity of the better qualities and a large surplus of the lower grade, short staple cottons. The better qualities of cotton are needed to produce materials for use as military supplies and for essential civilian uses.

Illustration of the constructive force of these statistics is to be found in the situation with respect to long staple cotton (1-1/8 inches and longer) as the past season came to a close. During June and July and to some extent in earlier months there was a great deal of talk about the shortage of long staple upland cotton. Private estimates on the carry-over of such cotton were as low as 200,000 bales. Official carry-over statistics showed 640,000 bales of long staple cotton on hand August 1, with much of it held by mills. As the season progressed the mills curtailed their hoarding tendencies and little more was heard about shortages. Stocks of the longer staple cottons are being reduced, however, and it is important that increases in production of such cotton be encouraged.

Classification and information for groups organized for quality improvement: The growth of this service, now in its sixth year, is illustrated by the following table:

<u>Season</u> <u>(Beginning Aug. 1)</u>	<u>No. of</u> <u>Groups</u>	<u>Number</u> <u>of Members</u>	<u>Samples</u> <u>Classed</u>
1939	918	64,399	265,090
1940	1,573	128,216	1,530,764
1941	2,511	279,128	2,520,083
1942	2,465	281,100	3,567,095
1943	3,100	340,000	4,250,000
<u>Estimates</u>			
1944	3,425	372,500	4,585,000
1945	4,075	437,500	5,255,000

The tremendously increased volume of work has been handled without material increase in appropriation due in part to improved procedures and in part to the integration of this with other classing work.

These figures show a trend toward large groups and a larger volume of classification per member. The increase in the size of groups is beneficial because it means a large volume of a single variety of cotton grown over a wider area. There are now many country-wide groups. The greatest expansion of this work has taken place in the western portion of the cotton belt where farms are relatively larger. This fact explains the increased number of samples submitted per group member.

There is probably no better indication of the effectiveness of the classing and market news services in accomplishing the purpose which the Congress intended than attacks that are occasionally made on the work and on the legislation by certain cotton buyers. Farm papers and farmer-representatives have replied to these attacks along the following lines:

"... Most cotton, prior to the law, (Smith-Doxey Act), was sold on a hog-round basis, the price being based on the general reputation of the kind of cotton marketed in the various communities. Under this plan the farmer who produced a superior staple has to accept the general average or the lowest price offered in that particular market. He was penalized for growing good cotton and the short staple producer was paid a premium."

The following paragraph from an article in "Texas Farming and Citriculture" represents the sentiment of farmers in an area where the service is used by a very large percentage of eligible farmers:

"The quality level of cotton grown in the Lower Valley has risen importantly within the last few seasons. One reason is that the pernicious practice of hog-round buying is on its way out."

Administration of the Cotton Standards and Cotton Futures Acts: The volume of work done under these Acts as expressed in terms of revenue received compared with annual expenditure of appropriated funds over the four-year period ending with the fiscal year 1943 is shown by the following table:

<u>Fiscal Year</u>	<u>Classing Fees</u>	<u>Other Collections</u>	<u>Total Cash Collections</u>	<u>*Estimated Value of Loose Cotton</u>	<u>Total Revenue (Part-ly estimated)</u>	<u>Total Expenditure</u>
1940	\$73,127.71	\$15,369.00	\$88,496.71	\$22,535.71	\$111,032.42	\$466,083
1941	142,632.55	19,339.50	161,972.05	79,053.95	241,026.00	452,466
1942	157,612.88	20,963.25	178,576.13	177,561.44	356,137.57	481,530
1943	254,109.45	25,562.05	279,671.50	273,234.05	552,905.55	544,625

* Loose cotton consists of samples accumulated in connection with classing and standardization activities. Under present procedure this cotton is turned over to the Treasury Department for disposition after it has served its purpose. The value is estimated at the current price of cotton on the basis of grade and quality.

For the preparation of practical forms of the official standards, 43,762 pounds of cotton and 1,710 pounds of linters were purchased in 1943. The following table shows the extent of distribution of the boxes of standards last year as compared with the two previous years:

	<u>1941</u>	<u>1942</u>	<u>1943</u>
Grade boxes distributed (sold to cotton industry; furnished free to classers)	2,278	2,951	3,112
Staple length types distributed	8,467	9,485	10,656

Under Section 3 of the Cotton Standards Act licenses are issued to qualified cotton and cotton linters classers who meet specified requirements. Each applicant for a license is required to pay an examination fee of \$10.00 and the annual renewal fee is \$5.00. During the fiscal year 1943, 605 renewals and 25 new licenses were issued. One licensee who was faced with the prospect of disciplinary action because of improper classing surrendered his license voluntarily.

Outstanding contribution has been made by the Board of Supervising Cotton Examiners (headquarters at Memphis, Tennessee) to uniformity and accuracy in the classing work of the field force. Through checking of samples and through personal contacts, the members of the Board have materially raised the standard of the classing work.

Boards of Cotton Examiners at future delivery points provide a classification service for all cotton delivered in settlement of futures contracts. This work is subject to widely fluctuating demand and the volume is dependent on technical market conditions. In 1943 bales certified on original classification numbered 36,441, compared with 118,571 in the preceding year; and reviews numbered 15,003, compared with 40,500 in 1942.

Representatives of the Food Distribution Administration as ex-officio members of the quotations committee have worked closely with members of the cotton trade at each of the ten designated cotton exchanges and generally satisfactory cooperation has been found. Accurate price quotations are essential to the orderly functioning of the cotton futures exchanges, and averages of grade and staple premiums and discounts quoted in the ten designated markets are used for settling futures contracts made on the three American cotton futures exchanges. Grade and staple premiums and discounts quoted in the ten markets are used in connection with the administration of the Federal Price Control Act and Federal Crop Insurance Act; for marketing Federally-owned supplies of cotton; for marketing and research studies; in connection with cotton market news; and as a basis of government loans of cotton.

The accuracy of those quotations directly affects the stability of American cotton futures markets and the relationship between prices for cotton futures contracts and those for spot cotton. Under the Federal Price Control Act maximum prices at which mills may sell yarn and fabrics are directly affected by spot market quotations, as is also the amount of crop insurance cotton farmers may collect as provided for by the Federal Crop Insurance Act. Prices quoted in spot markets likewise serve as a guide to farmers and furnish them with reliable information for use in selling their cotton.

In recent years the ten designated markets have increased the number of quotations until now each market is furnishing daily quotations for some 200 different qualities of cotton in order to maintain accurate and continuous quotations for these numerous qualities, it is important that the committees and our representatives be closely and continuously in touch with spot cotton values in the markets.

(p) United States Grain Standards Act

Appropriation Act, 1944	\$742,330
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+118,669
Total anticipated available, 1944	860,999
Budget estimate, 1945	860,999

PROJECT STATEMENT

Project	1943	1944 (estimated)	1945 (estimated)	Increase or Decrease
1. Administration of the United States Grain Standards Act	821,550	860,999	860,999	- -
Covered into Treasury in accordance with: Public Law 674	1,962	-	-	:
Unobligated balance	4,846	-	-	:
Total available	828,358	860,999	860,999	- -
Received by transfer from "Marketing Service, Food Distribution Admin- istration," general administrative expenses	-15,400	-	-	:
Anticipated deficiency for overtime pay	-	-118,669	-	:
Total estimate or appropriation	812,958	742,330	860,999	:

Statement of Overtime Costs

	1943	Est. 1944	Est. 1945
Overtime absorbed	*\$ 6,549	-	-
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944; and included in budget estimate, 1945)	45,000	\$118,669	\$118,669
Total cost of overtime (7 months in 1943) ...	51,549	118,669	118,669

* Difference between overtime cost and supplemental appropriation.

WORK UNDER THIS APPROPRIATION

Objective: To provide a national grain inspection service, including the establishment of uniform standards for grain sold by grade in interstate commerce supervision of inspection and grading, and administration of regulatory provisions designed to prevent fraud and misrepresentation.

The Problem and its Significance: Cash income in 1942 from farm marketings of the grains covered under this Act totaled almost \$2 billion, or 12 percent of the farm income from all marketings in that year. The outlook for 1943 is for an even greater grain income. In terms of both bulk and value, the grain trade is one of the largest enterprises in American agriculture. As such, it is especially important both that producers know the value of their product, and that the crop be marketed as efficiently as possible.

Since 1918 the Federal Grain Standards Act has provided common standards and common terminology for grain sold in interstate commerce. These official standards have subsequently been extended to other grain transactions, including cash and futures trading, warehousing, financing, and export trade. Their use has reduced the hazards in grain commerce incident to unregulated inspection and grading, thereby also diminishing congestion in terminal facilities, excessive cross-hauling, and delays in loading and reloading of cars. The marketing efficiencies effected by this Act are particularly important during wartime.

General Plan: Uniform standards have been established for wheat, barley, oats, feed oats, mixed grain, flaxseed, corn, grain sorghums, and soybeans.

Initial inspections are made by persons who are not employed by the Federal government but are examined, licensed, and supervised by federally-employed district supervisors. Boards of Review established in Chicago and in Portland, Oregon, review the work of the district supervisors and handle appeals. In performing this function, the Chicago Board reviews annually grain supervisors' determinations on approximately 25,000 samples of grain as well as samples submitted by the Portland Board to assure uniform grading throughout the country.

Examples of Progress and Current Program: Progress of the work over a three-year period in terms of quantities of grain inspected and number of inspections performed annually compared with annual appropriations is reflected in the following table:

INSPECTIONS BY LICENSED INSPECTORS
Volume in Bushels and Carloads
1941-43

Fiscal Years :	Quantity in Bushels :	Carload Equivalent :	Number of ^{1/} Inspections :	Appropriation
1941 :	1,944,430,000 :	1,269,261 :	1,268,121 :	\$ 723,941
1942 :	2,268,340,800 :	1,477,882 :	1,480,903 :	757,351
1943 :	2,824,209,978 :	1,840,626 :	1,919,724 :	767,958

1/ Including "Sample Inspections" as follows:
1941 - 49,436; 1942 - 80,200; 1943 - 139,362

Record wartime production and marketings of grains resulted in a sharp increase in 1943 in the volume of work carried on directly under the U. S. Grain Standards Act. In addition, the organization for the enforcement of this Act was utilized in sampling and inspecting commodities in connection with government purchases for military supply programs.

As in prior years, work under this Act included licensing of inspectors, supervising the work of licensees, handling appeals from inspections made by licensees, investigating fraud and misrepresentation of grain moving in interstate commerce, and developing and maintaining inspection equipment.

Licensed grain inspectors issued 1,920,000 certificates in 1943, an increase of 30 percent over the number issued in 1942. The certificates covered 2.82 billion bushels of grain against 2.27 billion in 1942. In addition to the inspections made by licensees, supervisors employed by the Department inspected 169,900 lots of grain, and Boards of Review at Chicago, Illinois, and Portland, Oregon, reviewed about 38,000 samples in order to insure uniform inspection and grading throughout the entire United States.

During 1943, the Federal staff gave 76 examinations to applicants for licenses. At the close of the year there were 411 licensed inspectors, as compared with 403 in 1942. These inspectors were working at 203 places in 32 states. An increasing number of State Inspection Departments have required applicants for positions as licensed inspectors to take the examination provided under this Act. During 1943, Illinois began to require such applicants to submit to Federal examination.

One of the difficult problems encountered during the year was the grading of soybeans and corn damaged by a premature freeze in September in the corn and soybean belt. The type and degree of damage resulting from the freeze was difficult to determine, and the problem was further

complicated by the unusual movement of these grains in inter-market shipments. Action by the Boards of Review did much to bring about uniformity in the grading of these crops.

The program for preventing the adulteration of sound grain involved examination of 2,537 carloads of which 1,924 were tagged as unfit for mixing with grain of better quality. During the past year cooperation in this program was obtained from representatives of the Commodity Credit Corporation. The Corporation's representatives directed owners and operators of warehouses and elevators to refrain from mixing into its stock any low quality wheat which the General Field Headquarters office of F.D.A.'s Grain Products Division at Chicago declared to be "unfit for mixing." Arrangements were also completed with telegraph companies during the year for the use of wires leading directly from the Chicago Board of Trade to the Boards of Trade at Kansas City, Minneapolis, Omaha, and St. Louis for transmitting notices regarding tagged or unfit grain. This arrangement speeded up delivery of the notices and prevented delay in the movement of railroad cars.

Grain supervisors, in cooperation with the Extension Service, also demonstrated the application of grain standards to about 2,000 farmers and farmer representatives in 1943, in order to assist them to market their grain more profitably.

INSPECTION POINTS AND LICENSED GRAIN INSPECTORS

June 30, 1943

<u>States</u>	<u>Inspection Points</u>	<u>Licensed Inspectors</u>	<u>States</u>	<u>Inspection Points</u>	<u>Licensed Inspectors</u>
Alabama	2	2	Missouri	6	25
Arkansas	1	1	Montana	3	6
California	6	14	Nebraska	6	16
Colorado	1	2	New York	4	28
Idaho	3	3	North Carolina	1	1
Illinois	13	53	North Dakota	1	3
Indiana	7	13	Ohio	8	20
Iowa	7	12	Oklahoma	6	9
Kansas	11	28	Oregon	3	13
Kentucky	3	5	Pennsylvania	3	10
Louisiana	1	2	Tennessee	2	5
Maryland	1	8	Texas	12	18
Massachusetts	1	3	Utah	3	4
Michigan	3	3	Virginia	2	4
Minnesota	3	56	Washington	7	15
Mississippi	1	1	Wisconsin	4	28
			TOTAL	135	411

(q) United States Warehouse Act

Appropriation Act, 1944	\$464,115
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+69,602
Total anticipated available, 1944	533,717
Budget Estimate, 1945	533,930
Increase	<u>+213</u>

PROJECT STATEMENT

Project	1943	1944 (estimated)	1945 (estimated)	Increase or Decrease
1. Licensing and supervision of warehouses	480,652	533,717	533,930	+213
Covered into Treasury in accordance with Public Law 674:	1,300	- -	- -	- -
Unobligated balance	19,463	- -	- -	- -
Total available	501,415	533,717	533,930	++213 (1)
Received by transfer from "Marketing Service, Food Distribution Administration," general administrative ex- penses	9,000	- -	- -	
Anticipated deficiency for overtime pay	- -	-69,602	- -	
Total estimate or appropriation	492,415	464,115	533,930	

INCREASE

(1) The increase of \$213 in this item for 1945 is for overtime pay required under the War Overtime Pay Act of 1943.

Statement of Overtime Costs

	1943	Est. 1944	Est. 1945
Overtime absorbed	- -	- -	- -
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944; and included in budget estimate, 1945)	*\$31,930	\$69,602	\$69,815
Total cost of overtime (7 months in 1943)	31,930	69,602	69,815

* Actual appropriation was \$36,000.

WORK UNDER THIS APPROPRIATION

Objective: To provide a nationally supervised system of safe storage for agricultural products by licensing, bonding, and examining public warehouses in order to (1) facilitate financial transactions in stored commodities and promote orderly marketing, (2) prevent losses due to improper storage, (3) prevent theft of stored products or their illegal conversion by the warehousemen to whom they are entrusted.

The Problem and Its Significance: During a period of the greatest demand in history upon our stocks of agricultural products it is more imperative than ever that none of the food which has been produced be wasted through improper storage. It is equally important that none of our stocks of commodities be wasted through disorderly marketing. The safe storage of commodities and existence of sound marketable commodity receipts do much to permit the marketing of farm products in such a way as to insure the minimum strain on existing transportation facilities as well as the minimum amount of commodity loss.

General Plan: The work divides itself into two principal lines of activity: (1) Inspection of warehouses and investigation of warehousemen who apply for licenses for the purpose of determining whether the facilities are adequate and the warehousemen responsible and acceptable for licensing. (2) Periodic inspection of warehouses and checking on operations to insure that the provisions of the Act and the regulations promulgated under it are being complied with. Inspections are made several times a year by an inspector who performs the following duties:

1. Determines that each warehouse is in proper condition and is safe for the type of commodity stored. This involves checking to determine that the roof does not leak, that the floors are not damp, that the outside drainage system is good, that no inflammable materials lie about, and that fire prevention equipment is adequate.
2. Checks condition of products in storage to guard against deterioration.
3. Checks stocks against outstanding receipts to assure proper protection of all receipts.
4. Checks weight and grade of stocks to determine whether they correspond with receipts.
5. Determines whether receipts are signed by a person having authority to sign, and whether adequate bond is on file.
6. Checks financial condition of warehouseman.
7. Determines that all other provisions of the Act and Regulations are complied with.

Examples of Progress and Current Programs: On June 30, 1943 warehouses licensed under the U. S. Warehouse Act numbered 1327 as compared with 1354 on June 30, 1942. Although the number of licenses in effect decreased during the year, the total licensed

capacity remained the same or increased. The increases occurred in spite of the fact that some licenses were cancelled, since others representing large capacities were granted.

In 1943, several additional grain warehouses at country points were licensed, boosting licensed grain capacity by 15,818,000 bushels. This was a particularly significant accomplishment since the greatly expanded demand for grain together with reduced production made it imperative to guard existing stocks to the utmost. Licensed capacity for storage of cotton was increased by over 165,000 bales. With reduced acreage and manpower, the necessity for preserving the supply and value of cotton is of the greatest economic importance.

Because of limited funds, little progress was made in protecting other stored commodities although wool, beans, syrup, canned foods and seeds showed slight increases in licensed capacity. Tobacco capacity was reduced about 210,766,000 lbs. because substantial stocks were requisitioned for government use.

The following table shows licensed capacity by commodities in 1942 and 1943:

Commodity	Licensed Capacity:		Licensed Capacity: Per cent	
	: June 30, 1942	: June 30, 1943	: of increase	
Cotton (bales)	: 10,234,316	: 10,399,478	: + 2%	
Grain (bushels)	: 241,850,185	: 257,668,000	: + 7%	
Wool (pounds)	: 39,469,000	: 50,138,710	: + 2%	
Tobacco (pounds)	: 359,645,000	: 148,878,900	: -60%	
Nuts (tons)	: 25,700	: 28,100	: + 9%	
Broomcorn (bales)	: 14,500	: 14,500	: --	
Beans (cwt)	: 765,607	: 925,050	: +21%	
Syrup (gallons)	: 487,640	: 747,240	: +53%	
Dried fruit (lbs.)	: 2,922,000	: 2,922,000	: --	
Cold pack fruit (lbs)	: 6,313,950	: 6,313,950	: --	
Canned foods (cases)	: 3,780,000	: 3,965,000	: + 5%	
Seeds (cwt)	: 564,082	: 693,302	: +23%	
Cherries in brine (lbs)	: 9,923,043	: 12,071,043	: +22%	

Although the appropriation for fiscal year 1943 was only slightly in excess of the 1942 appropriation it was possible to expand licensed capacity and provide better inspection through improved methods. It is anticipated that a similar improvement will be possible in the fiscal years 1944 and 1945 although no increases have been provided. Many requests for licenses by warehousemen must be turned down each year, however, because of the limited expansion which can take place in this service with the funds available at present.

(r) Federal Seed Act

Appropriation Act, 1944	\$80,650
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+13,100
Total anticipated available, 1944	93,750
Budget Estimate, 1945	117,700
Increase	<u>+23,950</u>

PROJECT STATEMENT

Project	: 1943	: 1944	: 1945	: Increase or decrease
		:(estimated):	:(estimated):	
1. Federal Seed Act ...	91,435	93,750	117,700	+23,950
Unobligated balance ...	255	- -	- -	- -
Total available	91,690	93,750	117,700	+23,950(1)
Received by transfer	:	:	:	:
from "Marketing Service, Food Distribution Administration,"	:	:	:	:
general administrative:	:	:	:	:
expenses	-2,000	- -	- -	:
Anticipated deficiency	:	:	:	:
for overtime pay	- -	-13,100	- -	:
Total estimate or ap-	:	:	:	:
propriation	89,690	80,650	117,700	:

INCREASE

(1) An increase of \$23,950 (including \$3,950 for overtime pay) to meet wartime demands for Federal Seed inspection.

Objective: To provide for the inspection of increased quantities of domestic and imported seeds needed to meet expanded food goals; and to extend the protection of the Federal Seed Act to the South Central Region, not now adequately served.

The Problem and Its Significance: For a number of years, the Federal Seed Act has protected farmers and other users of seed by stopping the importation of inferior agricultural or vegetable seeds, and barring mislabeled agricultural and vegetable seeds from interstate commerce.

Activity under this Act has been greatly increased by the war. Short supplies of domestic varieties of seed, coupled with marked increases in seed prices, are encouraging misrepresentation and adulteration. This situation is further aggravated by the necessity to explore new and untested foreign sources. Under these conditions, adequate inspection of seeds has become of prime importance to our agricultural production program.

Present technical and clerical personnel is not adequate to meet these wartime demands. Despite the record seed traffic in 1943 that served 20 million Victory Gardens in addition to normal seed outlets, it was possible for the limited staff of seed analysts to increase the number of tests on seeds moving in interstate commerce by only 9 percent. Even this small increase was at the expense of import tests. Imports of seeds during 1943 increased 37 percent over the previous year, but the number of import samples tested actually declined by 24 percent. In certain cases even after tests have been completed, the lack of sufficient personnel has resulted in delays in making seizures which allowed some shipments to be sold and planted.

Plan of Work: It is recommended that 4 seed analysts, 2 special investigators, and 3 clerks be added to the staff in 1945.

One analyst can test in a year about 750 samples for purity, germination, and noxious weed content. On the basis of the volume of seed traffic, a minimum of 10,000 tests (exclusive of variety and identification tests) is required in a year if adequate enforcement is to be achieved. The 1943 staff of seed analysts was insufficient to conduct this minimum program of testing.

On the basis of work load, the four additional analysts would be placed as follows: one full-time analyst in Beltsville, Maryland; West Lafayette, Indiana; in the South Central area formerly served from Columbia, Missouri; and one half-time in Fargo, North Dakota and Montgomery, Alabama. At present the Federal government is paying .2 of the salary of one analyst in Fargo. There are no Federal seed analysts in Montgomery and only one half-time analyst in West Lafayette, although 39 percent of the Federal seed testing in the Federal-State laboratories is carried on in the West Lafayette laboratory.

The special investigators would be added in the Northeast Region, served by Beltsville; and in the South Central area. The additional clerks would be placed as follows: one each in Sacramento and Lafayette, and one half-time in Fargo and Montgomery. At present there are no Federal clerks at Sacramento, Lafayette, or Montgomery, and only one half-time in Fargo. The additional clerks are badly needed to handle the issuance of notifications to collectors of customs and importers, and to aid in other enforcement work.

The discontinuance of the Federal-State laboratory at Columbia, Missouri, made necessary by a reduction in the 1944 appropriation, has left nine states in the South Central area without adequate protection. These states are Nebraska, Colorado, Kansas, Missouri, Arkansas, Oklahoma, Texas, Louisiana, and New Mexico. There is now no Federal-State laboratory south of Indiana between Montgomery, Alabama and Sacramento, California; a span of 2,400 miles. Strict enforcement of the seed laws is extremely important in this area, because the climatic conditions are such as to contribute toward seed losing its ability to germinate in a short period of time.

Funds are also requested to allow witnesses subpoenaed in connection with cease and desist hearings the per diem and travel expenses required by law. The increase proposed for this purpose provides a rate of 5 cents per mile for travel and \$4.50 per diem.

Statement of Overtime Costs

	: 1943	: Est. 1944	: Est. 1945
Overtime absorbed	: --	: --	: --
Additional funds for overtime (appropri-	:	:	:
ated, 1943, estimated supplemental,	:	:	:
1944; and included in budget estimate,	:	:	:
1945)	: \$6,800	: \$13,100	: \$17,050
Total cost of overtime (7 months in:	:	:	:
1943)	: \$6,800	: \$13,100	: \$17,050

WORK UNDER THIS APPROPRIATION

Objective: To protect farmers and other users of seed by preventing importation of inferior agricultural or vegetable seeds, and requiring the complete and accurate labeling of all agricultural and vegetable seeds shipped in interstate commerce.

The Problem and its Significance: War has brought unprecedented agricultural production, coupled with dependence on new and unestablished sources of seed. These factors have given a strategic wartime importance to the inspection of seeds carried on under the Federal Seed Act. For a number of years enforcement of this Act barring mislabeled seeds from interstate commerce and refusing admission to inferior imported seeds has protected our farmers and other users of seed from unknowingly planting seeds of low germination or poor quality, seeds ill-adapted to soil or climate, or seeds with excessive noxious weed content. The Federal Seed Act now has a vital role in the national agricultural program.

Wartime conditions have increased the difficulty of this work while at the same time enlarging its value. Record demand for seed coupled with marked advances in seed prices have brought into the market a large number of seed growers with no previous commercial experience. Furthermore, conditions of short supply and advancing prices are encouraging misrepresentation of seed quality. The problem is also complicated by domestic production of kinds and varieties formerly imported. Winter rape, for example, which in pre-war years was imported from Japan, is now produced in Idaho. The mere volume of production in itself has increased the work under this Act. For example, production of white clover has increased from 660,000 lbs. in 1939 to 2,080,000 lbs. in 1943; crimson clover from 3,560,000 to 14,100,000

lbs.; winter rape from 0 to 4,500,000 lbs.; onion seed from 414,000 to 1,368,000 lbs.; spinach from 139,000 to 4,717,000 lbs.

Shifting foreign sources have also had their effect. Carrot seed is now being imported from Argentina, rather than from France and the Netherlands; Canary Island onion seed is being supplemented by imports from Mexico and Argentina, rather than from Japan and France. Garden beans are coming from the Dominican Republic, a country from which the United States imported no seed in 1941. Because much of the seed, field as well as vegetable, which this country formerly imported was of special varieties desired in this country for its hardiness or for other qualities, the necessity for exploring new foreign sources requires unusual care in making identification and variety tests--the most time-consuming and expensive seed tests made.

General Plan: The Federal Seed Act requires that all imported field and vegetable seeds meet minimum standards, and that all field and vegetable seeds shipped in interstate commerce be accurately and completely labeled. This requires, as a minimum, sampling and testing for variety, origin, purity, noxious weed content, and germination; supervision of staining or cleaning; investigation of violations; and the initiation of legal proceedings when necessary.

In cooperation with state officials five field laboratories are maintained at Lafayette, Indiana; Sacramento, California; Corvallis, Oregon; Fargo, North Dakota; and Montgomery, Alabama. Memoranda of understanding with 45 states provide for coordination of state enforcement activities with enforcement of the Federal Seed Act.

Approximately 282 state inspectors have been issued identification cards which show that they have been authorized to inspect seeds within their respective states in the administration of the Federal Seed Act. Apparent violations are reported by these inspectors to one of the Federal-State seed laboratories or to the Federal laboratory at Beltsville for appropriate action. This cooperative arrangement prevents duplication of effort; promotes more economical administration; and, from a long-term standpoint, tends to encourage uniformity in state seed laws and enforcement activities.

Examples of Progress and Current Program: A total of 16,930 seed samples were tested during 1943, an increase of 36 percent over the 12,459 samples tested in 1942. Variety tests, which are the most time-consuming to make, increased from 1,167 to 2,551, or 118 percent. This factor resulted in a disproportionate increase in the work load.

Over 4,500 samples of seed purchased for Lend-Lease were tested in 1943, an increase of about 220 percent over the 1,400 tested in 1942. In addition, 70 tests were conducted for the Army and Navy on seeds purchased for planting on airports, cantonments, and other military constructions. The handling of these wartime assignments was greatly facilitated by the requirements for seed already established under

the Federal Seed Act, and by the availability of Federal-State seed laboratories.

There are now included under the Act 104 field seeds and 55 vegetable seeds, making 159 in all. This represents an increase of 17 since the fiscal year 1941. During the past year memoranda of understanding were signed with Georgia and Arizona, bringing to 46 the agreements providing for the coordination of state enforcement activities with enforcement of the Federal Seed Act.

Interstate: The number of tests conducted on seed shipped in interstate commerce increased 9 percent in 1943. Increased emphasis on the testing of vegetable seeds was required as a result of extensive plantings of Victory Gardens. These tests revealed a large number of vegetable seeds of extremely low germination. One grower, for example, was discovered to have shipped into Indiana 57 varieties which germinated as low as 6, 7, and 8 percent.

Almost 500 complaints of violations of the interstate provisions of the Federal Seed Act were investigated during the 1943 fiscal year. There was a marked decrease in the number of complaints that did not seem to warrant action, and a sharp increase in the number of actions looking toward prosecution of the shipper. During the year 18 seizure actions and 9 criminal actions were terminated in the United States District Courts.

Foreign: Importations into the United States permitted under the Federal Seed Act during 1943 totaled about 38 million pounds of agricultural seed and one million pounds of vegetable seed, as compared with total importations of 30 million pounds during the previous year. These importations required the testing of 3,228 seed samples, and approximately 2,692 separate transactions with customs officials and importers. Over 2 million pounds of seed were refused importation. Over half of this seed was later permitted entry after being recleaned or otherwise processed.

Among the seeds refused importation in 1943 were considerable quantities of onion seed offered for importation from Mexico and Argentina. Tests for germination resulted in the rejection of 12-1/2 percent of the onion seed from Mexico and 20 percent of the seed from Argentina. The overall rejection rate in 1943 on imported vegetable seeds was 2 percent.

VOLUME OF IMPORTATIONS OF SEED
SUBJECT TO THE FEDERAL SEED ACT

Fiscal Years 1942-43

Fiscal Year :	Type of Seed :	Offered for Importation :	Released as Offered :	Released after Processing :	Total Released :	Total Rejected :
1943 :	Field :	39,448,000 :	37,378,800 :	1,166,800 :	38,545,600 :	902,400 :
	Seed :	:	:	:	:	:
	Vegetable :	956,935 :	936,244 :	1,105 :	937,349 :	19,586 :
	Seed :	:	:	:	:	:
	Total :	40,404,935 :	38,315,044 :	1,167,905 :	39,482,949 :	921,986 :
1942 :	Total :	30,497,844 :	24,583,940 :	5,220,066 :	29,804,006 :	693,838 :

SEED SAMPLES TESTED
Fiscal Years 1941-43

Laboratory :	Foreign :	Interstate :	Miscellaneous :	Defense Aid :	Total :
	1/ :	1/ :	2/ :		
Beltsville, Md. :	997 :	1,450 :	5,445 :	2,414 :	10,306 :
West Lafayette, Ind. :	986 :	736 :	:	595 :	2,317 :
Sacramento, Calif. :	212 :	423 :	:	738 :	1,373 :
Columbia, Mo. :	350 :	326 :	:	387 :	1,063 :
Fargo, N. D. :	584 :	:	:	89 :	673 :
Corvallis, Ore. :	23 :	:	:	293 :	316 :
Montgomery, Ala. :	76 :	280 :	:	:	356 :
Wisconsin :	:	:	344 :	:	344 :
Utah :	:	:	182 :	:	182 :
Total, 1943 :	3,228 :	3,215 :	5,971 :	4,516 :	16,930 :
Total, 1942 :	4,140 :	2,956 :	3,947 :	1,416 :	12,459 :
Total, 1941 :	6,515 :	1,500 :	3,368 :	:	11,383 :

- 1/ Exclusive of variety and identification tests.
- 2/ Includes all variety and identification tests made under the direct authority of the Federal Seed Act as well as miscellaneous tests for other governmental or commercial agencies. The 1942 and 1941 totals also include 896 and 1,895 samples tested for research purposes.

ACTIONS ON INTERSTATE SHIPMENTS
Fiscal Years 1942-43

Actions :	1942 :	1943 :
Complaints received:	484	483
Federal	:	118
State	:	356
Commercial	:	9
Seizures recommended	22	34
Cited for hearing	36	64
Warnings issued	235	315
Advised no action warranted	298	129
Criminal action recommended	26	32
Cease and desist proceedings	:	7
Complaints pending June 30	95	101

(s) Packers and Stockyards Act

Appropriation Act, 1944	\$364,070
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+57,142
Total anticipated available, 1944	421,212
Budget estimate, 1945	418,700
Decrease	<u>-2,512</u>

PROJECT STATEMENT

Project	1943	1944 :(estimated):	1945 :(estimated):	Increase or decrease
1. Packers and Stockyards Act	\$405,394:	\$421,212:	\$418,700:	-2,512
Unobligated balance	2,650:	- -	- -	- -
Total available	<u>408,044:</u>	<u>421,212:</u>	<u>418,700:</u>	<u>-2,512 (1)</u>
Received by transfer from "Marketing Service, Food Distribution Administration," general administrative expenses	-10,000:	- -	- -	
Transferred to "Salaries and expenses, Office of Solicitor"	+1,500:	- -	- -	
Anticipated deficiency for overtime pay	- -	-57,142:	- -	
Total estimate or appropriation	<u>399,544:</u>	<u>364,070:</u>	<u>418,700:</u>	

DECREASE

(1) The decrease of \$2,512 in this item for 1945 is due to a reduction in the cost of overtime under the War Overtime Pay Act of 1943.

CHANGE IN LANGUAGE

The estimates propose the following change in language (new language underscored, deleted matter enclosed with brackets):

Packers and Stockyards Act: For carrying out the provisions of the Packers and Stockyards Act, approved August 15, 1921, as amended by the Act of August 14, 1935 (7 U.S.C. 181-229), [\$364,070: Provided, That hereafter the Secretary may require reasonable bonds from every market agency and dealer, under such rules and regulations as he may prescribe, to secure the performance of their obligations, and whenever, after due notice and hearing, the Secretary finds any registrant is insolvent or has violated any provisions of said Act he may issue an order suspending such registrant for a reasonable specified period. Such order of suspension shall take effect within not less than five days, unless suspended or modified or set aside by the Secretary or a court of competent jurisdiction] \$418,700 (Act of July 12, 1943, Public Law 129).

The word "hereafter" in the first sentence of the proviso proposed for deletion was inserted by the Congress while the 1944 Agricultural Appropriation Bill was under consideration. Its enactment in this form makes this language permanent legislation. The proviso may therefore be deleted.

Statement of Overtime Costs

	: 1943	: Est. 1944	: Est. 1945
Overtime absorbed	:\$13,771:	- -	- -
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944; and included in budget estimate, 1945)	: 10,000:	\$57,142:	\$54,630:
Total cost of overtime (7 months in 1943)	: 23,771:	57,142:	54,630

*Difference between overtime costs and supplemental appropriation.

WORK UNDER THIS APPROPRIATION

Objective: To provide supervision of marketing activities at posted stockyards and designated live poultry markets so as to insure that (1) free and open competitive conditions are maintained; (2) unfair, deceptive and fraudulent practices are corrected and eliminated; (3) accurate weights are given; (4) charges for services rendered are reasonable; (5) full and correct accounting is made to shippers; (6) shippers are protected by adequate bond maintained by agencies and dealers; and (7) packers do not engage in unfair practices in purchasing livestock or distributing meat products in commerce.

The Problem and Its Significance: Changes which have occurred in the marketing of livestock in recent years have brought about a great increase in the number of stockyards posted under the provisions of the Act. In 1936, 124 stockyards were posted, whereas on July 1, 1943, 205 were posted. If all stockyards which meet the definition set out in the statute were posted, however, it would be necessary to extend supervision to 100 or more additional markets.

The volume of work performed in supervising the marketing operations of stockyards, market agencies, dealers, licensees, and packers varies with the volume of livestock and meats being marketed and with changing economic conditions such as prices, costs of operation, national prosperity and the like. When markets and economic conditions are relatively stable, changes in rates are not so frequently sought and trade practice violations are not so prevalent. When economic conditions are fluctuating rapidly, and particularly during the present war when the production and movement of livestock are the greatest in our history, constant supervision and investigation are required and the demand for such activities on the part of supervisors increases very greatly. The impact of changing economic conditions brought about by the war on the rates charged for stockyard services is of special significance.

In 1943 over 1,200 tariffs and supplements were filed seeking changes in existing rates. During this and next fiscal year it is anticipated that the number of such requests will be at least equal to those received last year. A good many of these tariffs and supplements, of course, involve comparatively simple rate changes. Others, however, are of a much more complicated character with far-reaching results insofar as the farmers and the livestock producers who pay the rates are concerned. Nevertheless, each tariff and supplement filed seeking to change a rate requires analysis and a decision as to whether it will be accepted for filing and thus be allowed to go into effect. The more complicated ones require valuations of property, extensive audits and analyses of the books and records, hearings, oral arguments and all of the procedural steps which must be taken before a legal determination as to reasonableness can be made. The greatly increased volume of work makes it necessary to resort wherever possible to stipulations in lieu of formal proceedings. Under these, some rate increases are allowed with certain restrictions and for limited periods. Formal proceedings are nevertheless necessary in a number of cases. In still other cases, it has not been possible to prevent the increases because of lack of personnel to carry on the investigation and the limited period of suspension allowed in the law. However, it is estimated that in the current year unjustified rate increases have been prevented which, had they gone into effect, would have resulted in farmers and livestock growers paying more than \$100,000 a year in increased charges.

An amendment to the Stabilization Act enacted last year provides that no increases in rates or charges of public utilities may be made unless 30 days notice is given to the President. The Office of Price Administration has been delegated as the agency to handle this matter. That office, in cooperation with this Administration, has promulgated regulations relating to rates and charges under the Packers and Stockyards Act. The President, pursuant to the Stabilization Act, issued the so-called "hold-the-line" order which calls on regulatory agencies of the Government not to grant increases unless full justification is shown, and to effectuate reductions wherever possible. All of these developments have materially increased the workload with respect to regulation of rates under the Packers and Stockyards Act.

General Plan: The major work of administering the Act is performed by supervisors located at the major stockyards, together with a staff of assistants and a force of accountants stationed at strategic points throughout the country. Each supervisor has assigned to him a number of smaller yards in what is known as a district. Periodic visits are made to these outlying yards. Complaints are investigated and if possible settled on the spot by the supervisors. If this cannot be done, full reports are made to the Washington office on the basis of which formal proceedings are frequently instituted. Such instances may arise either as a result of investigations by supervisors or audits of the books and records by accountants. Some result from complaints received from livestock producers and others alleging unfair practices or failure to receive reasonable services.

Activities under the Act fall generally into the following categories:

(1) Rates and Charges. Each posted stockyard is required to file with the Secretary a complete schedule of rates for the services it provides. Whenever the yard wishes to alter any such charges, the Secretary must be notified in advance. Because of increasing costs of labor and materials, the volume of rate charges requested recently has been abnormally large, and a corresponding larger volume of supervisory effort has been required. In many cases the rate charges are accepted; in others, informal intervention on the part of the Secretary's representative is sufficient to prevent increases. In others, formal hearings are held and a decision reached as to whether the increase will be permitted or denied. All rate cases require thorough familiarity on the part of the supervisory staff with financial standing of the yard, property valuation, income, expenses, and related factors. To obtain such information often requires the services of several trained auditors over a period of several months.

(2) Market practices. Under the terms of the Act and the rules and regulations promulgated by the Secretary, packers, stockyards, and dealers must adhere to fair marketing practices in their dealing with producers. Facilities must be available to shippers without discrimination; weights must be accurate, accounting for shipments must be in accordance with the facts; and feeding and handling of the stock must be properly supervised. Persons claiming to have suffered damage may file a complaint with the Secretary, who may then after thorough investigation, require the payment of reparation awards, or on his own initiative, institute formal action.

(3) Record keeping. Stockyards are required to maintain complete records of all transactions, to permit determinations on the fairness of rates and practices. If, upon investigation, it is determined that such records are not being kept, the Secretary may order their maintenance. The Act was amended, effective August 14, 1935, by the addition of Title V relating to live-poultry dealers and handlers. Eight markets serving 16 cities have been found to be such as to warrant designation as live-poultry markets. After a market has been so designated, all persons handling live poultry in interstate commerce therein are required to be licensed.

Applicants must furnish a certified balance sheet from which their financial responsibility may be learned, or must establish this fact through open hearings before a representative of the Secretary.

Examples of Progress and Current Program:

The immediate supervision of livestock markets and designated poultry areas is conducted from nineteen field offices located in the following cities:

Montgomery, Alabama	Lexington, Kentucky	Cincinnati, Ohio
Los Angeles, California	Boston, Massachusetts	Cleveland, Ohio
Denver, Colorado	St. Paul, Minnesota	Portland, Oregon
Sioux City, Iowa	Kansas City, Missouri	Philadelphia, Pa.
Chicago, Illinois	Omaha, Nebraska	Nashville, Tennessee
Indianapolis, Indiana	New York, New York	Ft. Worth, Texas
National Stockyards, Illinois		

Formal proceeding under the Packers and Stockyards Act: While enforcement of the Packers and Stockyards Act is based primarily on a program of persuasion and negotiation, it is nevertheless frequently necessary to resort to formal proceedings to secure compliance. The following table presents a statistical summary of formal proceedings from 1940 through 1943, inclusive.

Fiscal Year	Cases Pending Beg. of Year	New Cases	Hearings Reopened	Total	Cases disposed of	Cases pending end year
1940	37	73	8	118	76	42
1941	42	95	1	138	82	56
1942	60	84	8	152	96	56
1943	56	48	10	114	64	50

Of the 48 new cases arising during fiscal year 1943, 18 involved unfair trade practices; 14 involved reparation arising from alleged damages; one was an insolvency resulting in inability to pay financial obligations; 6 applications were for poultry licenses; 2 involved reasonableness of rates and charges of stockyard companies; 3 involved reasonableness of rates charged by commission men; 3 were applications for authorizations to inspect brands on livestock; and one the reasonableness of rates charged for services rendered in connection with marketing live poultry.

Of the 64 cases which were finally decided in 1943, orders to cease and desist from unfair trade practices were issued in 10, damages were awarded in 9, and poultry licenses were granted in one case, and revoked in 6 others. Twenty-five cases were dismissed because of lack of proof of violation of the Act or for some other reason. Rates previously prescribed were modified in one case, and modifications were denied in 4 others, and modifications which had previously been made in rate cases were extended in 4 instances. One authorization to inspect brands on livestock previously granted was continued; one authorization previously granted was revoked; and one application for such authorization was denied. Final action in one case was held in abeyance to be decided at a later date.

During the year disposition was made in Federal District Courts of 16 cases involving violations of the Act. Fourteen cases were pending at the beginning of the year, and 12 additional were initiated.

Audits of Books and Records: An integral part of the work of administering the Act is the auditing of books of stockyards, market agencies and licensees.

The volume of this work during the past few years is as follows:

Year	Total Audits Made	Rate Investigation	Number by Purpose	
			Financial Trade Practice	Application for Licenses
1939	307	6	131	170
1940	397	34	193	170
1941	533	14	403	116
1942	773	31	510	182
1943	508	38	352	118

Bond Coverage: The new regulations under the Packers and Stockyards Act published in the Federal Register of January 12, 1943, contained provisions increasing the amount of bond required and based computation on 260 days a year instead of the 308 days previously used. This provision, combined with the higher prices of livestock, resulted in an increase in the amount of coverage filed by registrants from \$16,000,000 to \$22,000,000.

Scales and Weighing: The work accomplished during the past year in checking scales is as follows:

Number of stockyards visited	114
Total number of livestock scales at posted markets	715
Number of livestock scales found to be inaccurate and corrected or removed from service	266
Number of poultry scales found to be inaccurate and corrected	56
Number of new or rebuilt scales installed	10
Inaccurate beams balanced	7
Livestock scale test and inspection reports received and examined	2,209
Live poultry scale test and inspection reports received and examined	264
Number of poultry scales at designated markets	600

Stockyard Valuation: Valuation engineers completed seven appraisals of the physical plant and lands of stockyard companies. In addition, 8 other appraisals are in process of completion.

Stockyards Posted: Because of the lack of sufficient funds to extend supervision to additional yards, it was necessary to discontinue the posting of stockyards in 1943, even though the number subject to the provisions of the Act is increasing continuously.

<u>Fiscal Year</u>	<u>Number of Posted Stockyards</u>
1940	199
1941	222
1942	217
1943	205

Rate Charges: During the year, market agency, license tariffs, and charges therein, received attention as follows:

Stockyard Rates	279
Market Agency, and Commission Rates	803
License Commission Rates	126
	<u>1,208</u>

Poultry Licenses: One hundred sixty-two poultry licenses were issued and 283 were rendered inactive during the year. Five poultry licenses were restored and 8 revoked. At the close of the fiscal year, 1,619 licenses were in effect as reflected in the following table:

<u>Fiscal Year</u>	<u>Issued</u>	<u>Inactive</u>	<u>Restored</u>	<u>Revoked</u>	<u>Net</u>
1942	2550	776	20	51	1743
1943	2712	1059	25	59	1619

(t) Naval Stores Act

Appropriation Act, 1944	\$30,120
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+4,608
Total anticipated available, 1944	<u>34,728</u>
Budget Estimate, 1945	<u>34,728</u>

PROJECT STATEMENT

<u>Project</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	<u>Increase or decrease</u>
		(estimated)	(estimated)	
1. Enforcement of the Naval Stores Act	\$34,515	\$34,728	\$34,728	--
Unobligated balance	385	--	--	--
Total available	<u>34,900</u>	<u>34,728</u>	<u>34,728</u>	--
Received by transfer from "Marketing Service, Food Distribution Administration," general administrative expenses	-1,000	--	--	
Anticipated deficiency for overtime pay	--	-4,608	--	
Total estimate or appropriation	<u>33,900</u>	<u>30,120</u>	<u>34,728</u>	

Statement of Overtime Costs

	: 1943	: Est. 1944	: Est. 1945
Overtime absorbed	: - -	: - -	: - -
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944; and included in budget estimate, 1945)	: \$3,200:	\$4,608:	\$4,608
Total cost of overtime (7 months in 1943)	: 3,200:	4,608:	4,608

WORK UNDER THIS APPROPRIATION

Objective: To prevent the sale in interstate commerce of misbranded, misgraded, adulterated, or falsely described naval stores, and to provide certain services to producers and consumers through the establishment of standard grades and Federal inspection facilities.

The Problem and its Significance: The inspection of turpentine and rosin by experienced Federal inspectors facilitates the marketing of these commodities by providing the means by which sales can be made on the basis of quality. Federal certificates are accepted as final in the settlement of disputes that may arise from time to time between buyer and seller as to the grade of purity of the product, or compliance with specifications. Stocks of gum rosin have been accumulated through loan and stockpile purchase program. All such rosin must be inspected by our inspectors. In addition, the Allied Nations are furnished gum and wood turpentine, wood rosin, pine oil, pine tar, pinene, disentine, tall oil (liquid rosin), rosin oil, and several proprietary products. These items are purchased from private manufacturers and all shipments of such materials are officially inspected and analyzed under Federal specifications.

Enforcement work under the Naval Stores Act insures pure and properly graded naval stores to users of these products.

General Plan: Under the regulatory work, samples of naval stores entering interstate commerce are purchased for the purpose of analysis, classification, or grading in order to detect any violation of the Act.

The inspection service is permissive and is rendered upon request. Certificates are furnished showing the analysis, classification, or grade. For this service a fee is charged to cover the cost of the service.

Revenue: Fees collected for inspection services are in part deposited in a special trust fund to cover expenses in connection with this work, and in part to Miscellaneous Receipts of the Treasury. During 1943 collections deposited into miscellaneous receipts of the Treasury amount to \$4,666.42.

Examples of Progress and Current Program: Although there has been no material change in the amount appropriated for this work in recent years, the following examples of accomplishments reflect in every case an increasing volume of work. This has been made possible through the use of fees collected from persons requesting inspection and grading services. These fees are used to help cover expenses of the inspection service itself; appropriated money is used for supervisory functions and analytical work.

In 1943 samples of turpentine and rosin were collected and analyzed from 132 lots or shipments, representing 47 shippers or distributors. This is an increase of 20 percent over the number analyzed in the previous year. Citations or less formal notifications were issued in 14 instances because of some nonconforming feature of the sale or method of labeling or describing the product.

Inspection and grading services are provided producers of turpentine and rosin, when requested, at their stills and at certain concentration points or warehouse yards. During the year, 432,262 barrels and drums of rosin were inspected, graded, and certified at stills and warehouse yards. This was an appreciable increase over the 340,556 drums handled in 1942. Much of this total was offered as collateral for Commodity Credit loans. In addition, 38,477 barrels of wood rosin and 38,988 barrels of other naval stores products were inspected and analyzed for shipment under the Lend-Lease program.

Two sets of Official Rosin Standards were made up during the year. One hundred sets are now on hand, in use throughout the naval stores industry, or held in reserve and available for loans. Twelve sets were completely reassembled, and 38 more were serviced by cleaning and reassembling some or all of the standards in the set.

One set which had been in a fire at a still was completely renewed. Six sets were issued to new depositaries on loan under the usual security deposits of \$100, and three lost types or standards were replaced to keep the sets complete. The amounts collected for such replacements, together with the annual service or rental charge, totaled \$307, which was returned to the Treasury as miscellaneous receipts.

Standardization work was carried on in the laboratory on specifications and test methods applicable to naval stores products which come within the scope of the Act or which are being purchased under the Lend-Lease program.

Methods were developed for detecting and proving the adulteration of gum turpentine or steam distilled wood turpentine with destructively distilled wood turpentine, based on the measure of solvent power of the turpentine.

Work has been done on a method which will show the quantity of higher alcohols (terpineol, borneol, fenchyl alcohol) in pine oil, with the idea of including an alcohol requirement in the standard specifications for pine oil.

A method is being studied for determining both the quantity and nature of excess volatile matter in rosin. This may be mineral oil in the case of reclaimed rosin, or residual terpene oils in the case of gum rosin. In either case the presence of any excess quantity of such volatile oil is objectionable for many purposes for which rosin is used.

A study has been made of the viscosities of various grades of pine tar, in order to use that factor in differentiating between the several classes and grades.

Work has been done on standardization of methods of analysis for tar oil, with particular reference to the determination of the relative proportion of resin and fatty acid in the product.

(u) Insecticide Act.

Appropriation Act, 1944	\$167,880
Anticipated deficiency for overtime pay required by the	
War Overtime Pay Act of 1943	+25,026
Total anticipated available, 1944	192,906
Budget estimate, 1945	215,208
Increase	<u>+22,302</u>

PROJECT STATEMENT

Project	: 1943	: 1944	: 1945	: Increase or
	: :	: (estimated):	: (estimated):	: decrease
1. Insecticide Act	: \$184,384:	: \$192,906:	: \$215,208:	: +22,302
Unobligated balance	: 2,331:	: - -	: - -	: - -
Total available	: <u>186,715:</u>	: <u>192,906:</u>	: <u>215,208:</u>	: <u>+22,302 (1)</u>
Received by transfer from	: :	: :	: :	: :
"Marketing Service, Food	: :	: :	: :	: :
Distribution Administra-	: :	: :	: :	: :
tion," General administra-	: :	: :	: :	: :
tive expenses	: -5,000:	: - -	: - -	: :
Anticipated deficiency for	: :	: :	: :	: :
overtime pay	: - -	: -25,026:	: - -	: :
Total estimate or ap-	: :	: :	: :	: :
propriation	: <u>181,715:</u>	: <u>167,880:</u>	: <u>215,208:</u>	: :

INCREASE

(1) An increase of \$22,302 (including \$2,302 for overtime pay) to establish a laboratory at San Francisco, California, for determining the effectiveness of insecticides and fungicides produced or used in that area.

Objective: To enforce more adequately the provisions of the Insecticide Act of 1910 by establishing facilities on the West Coast for determining the value and effectiveness of insecticides and fungicides.

The Problem: During the fiscal year 1944 it is necessary to send samples of insecticides and fungicides collected on the West Coast to eastern laboratories for testing. This procedure results in serious delay in determining the quality of the product. This delay in many instances has resulted in serious losses to producers of food and other products.

It is estimated that there are 350 manufacturers of insecticides and fungicides on the West Coast producing approximately 3,000 different products. It is impossible, with the present staff and facilities, to assure West Coast farmers, orchardists, livestock and poultry producers, and victory gardeners that the products they purchase will be of the quality and character represented.

Significance: The 11 states west of the Kansas-Colorado border use about one-third of the total production of heavy agricultural insecticides manufactured in this country. This area uses about 45 percent of our production of lead arsenate, 20 percent of our production of calcium arsenate, 45 percent of our cryolite and other fluorine products, and 30 percent of our rotenone-bearing roots. The largest users in this area are the coast states of California, Oregon, and Washington, where insecticides are used for the protection of citrus trees, apples, pears, and other fruits, and extensive plantings of truck crops. The cattle industry in the mountain states also requires large amounts of insecticides, and additional quantities are used to prevent damage to crops by grasshoppers. Tests of insecticides must be made where the insects are prevalent, and fungicides must be applied to the plants during the growing season. Samples collected on the West Coast are now being sent to Chicago or Beltsville, Maryland, for testing.

Products now on the market contain many new and complex organic compounds, and are often recommended for many different kinds of insects and plant diseases. A single product may require a hundred or more tests to determine its limitations. Under present operations, faulty insecticides may be on the market for a considerable length of time, and crops damaged before their limitations are detected.

Plan of Work: A laboratory will be opened at San Francisco, California, to provide facilities for determining whether insecticides and fungicides sold in that area are in compliance with the law. Samples of products subject to the act will be collected, analyzed, and when necessary, subjected to practical field tests to determine whether their labeling is

accurate and complete. Infractions of the Act can be detected promptly, and appropriate action undertaken before further unlawful sales are made. Manufacturers who contemplate the production of new products can avail themselves of much technical information prior to the actual marketing of their product.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (deleted matter enclosed with brackets):

[Enforcement of the] Insecticide Act: For enabling the Secretary to carry into effect the provisions of the Act of April 26, 1910 (7 U. S. C. 121-134),

The deletion of the words "Enforcement of the" in the title of this item is proposed for uniformity, with other similar titles of subappropriations under the main heading "Marketing Service, Food Distribution Administration," and for simplifying the wording of the item.

Statement of Overtime Costs

	: 1943	: Est. 1944	: Est. 1945
Overtime absorbed.....	: - -	: - -	: - -
Additional funds for overtime (appropriated, 1943; estimated supplemental, 1944; and included in budget estimate, 1945)	: *\$9,268:	\$25,026:	\$27,328
Total cost of overtime (7 months in 1943) :	9,268:	25,026:	27,328

* Actual appropriation was \$10,000.

WORK UNDER THIS APPROPRIATION

Objective: To provide protection from misbranded, adulterated or ineffective insecticides and fungicides and thus to assist farmers in meeting production goals for foodstuffs and livestock; to evaluate new and complex products being placed on the market; and to keep abreast of new knowledge and methods in the insecticide field.

The Problem and its Significance: The increased demand for insecticides, coupled with a shortage of many of the standard ingredients formerly used in their manufacture, has caused some manufacturers to attempt the marketing of worthless new products, the adulteration of standard products, or the improper labeling of their packages. Most crops require the use of insecticides and fungicides for their production commercially. Seeds must be treated before planting and food products that are stored must be treated to protect them during storage.

In 1943 about 500 new preparations appeared on the market. These require development of methods of analysis and tests to determine the truthfulness of claims made for them. Upon their effectiveness, the production of over \$13,000,000,000 worth of farm crops is partially dependent, as well as protection to stored foods and other products, and the health of both men and domestic animals. The 20 million victory gardens in 1943 accounted in large part for the increased demand for insecticides. A shortage of labor has resulted in carelessness of plant operation, and shortages of raw materials have led to substitutions of ineffective materials and adulteration.

General Plan: The work under this project consists of the collection of samples of insecticides and fungicides, including disinfectants, making chemical analyses and performing actual field tests when necessary. Bacteriological investigations must also be conducted to develop methods for testing new products, and to standardize methods of testing now in use. Finally, evidence must be prepared for presentation to the courts on shipments which are in violation of the Act.

Examples of Progress and Current Programs: During 1943, 2,152 samples of insecticides and fungicides were collected and tested as compared with 2,310 during the previous year. Of these, 426, or 20 percent, were in violation of the Act. In 336 cases legal action was taken to correct the violation and 90 cases were adjusted through correspondence with the manufacturer.

During the year 21 seizures, involving 17 different products were made. Legal action was taken in 100 criminal action cases, involving 77 different products. Tests of 128 other products were not sufficiently conclusive to warrant action and new samples of them for further tests are being obtained.

Among the most serious types of violation this year have been the marketing of rotenone-bearing insecticides which fail to contain the amount of rotenone claimed, pyrethrum concentrates or substitutes for them which did not contain sufficient pyrethrum or other active insecticidal material to be effective for the purposes for which they are intended, and insecticides containing fluorine which have not contained the amount of sodium fluoride or sodium fluosilicate claimed.

About 50 percent of the samples analyzed in 1943 were agricultural insecticides and fungicides. While the proportion of misbranding in this group is low, it requires constant surveillance since it includes products used on the important food and fiber crops and a single faulty bath of a product may destroy the crop to which it is applied.

There were very few insecticides and fungicides imported in 1943. However, 6 shipments were sampled and of these 3 were denied admission because they were of little or no value for the purposes for which they were marked.

Several hundred labels submitted by manufacturers requesting comments and criticism with reference to their compliance with the law were examined.

Much work has been done to develop methods for analyses of new products. Extensive field tests have been made to determine the effectiveness of these products by the entomologists and plant pathologists.

A rapid method for the determination of fluorine in commercial fluorides has been devised which will shorten the time for analyzing these products. Investigations to determine the effectiveness of substitutes for pyrethrum and rotenone are being made. A laboratory method is being developed for testing insect sprays which will shorten the time required to test these products.

Some of the tests made show that substitute materials used for fungicides are satisfactory in some localities but not in others.

Work this year is being directed primarily to guarding products which affect the production and protection of agricultural products and the protection of health.

Number of Manufacturers of Insecticides & Fungicides
Including the Number of Official Samples Collected
and Action Taken in Respect Thereto

Products	Manu- fac- turers	Official Samples Collected	No. : Viola- : tions	Cita- : tions	New to Records
Arsenate of Lead	39	141	136	2	4
Calcium Arsenate	23	141	132	3	7
Paris Green	9	19	19	0	1
Bordeaux Mixture	16	81	65	6	3
Bordeaux Arsenical Mixtures	21	44	37	1	6
Liquid & Dry Lime Sulphur	16	27	20	3	5
Sulphur-Copper-Nicotine Preparations	43	161	142	8	23
Oil Emulsions	15	45	42	1	5
"Permitted" Arsenical Dips and Disinfectants	7	9	8	1	1
Misc. Plant Insecticides and Fungicides	141	428	281	77	86
Ant Preparations	31	41	26	13	7
Clothes Moth Preparations	53	129	107	10	32
Drinking Water Disinfectants	1	2	2	0	1
Products which have lost strength	8	9	3	5	0
Coal Tar Disinfectants	54	63	46	13	19
Liquor Cresolis Saponatus	17	20	13	7	2
Formaldehyde Preparations	11	12	6	1	6
Fraud Preparations	1	3	2	1	0
Seed Treating Preparations	15	22	13	6	0
Hypochlorites, etc.	36	50	29	14	11
Animal Lice Preparations	82	128	88	30	36
Fly Sprays	68	92	63	14	27
Mill and Granary Insecti- cides	13	20	14	2	9
Pine Oil Disinfectants	47	58	37	11	12
Preparation for Bots	2	3	3	0	1
Preparation for Roaches	73	86	50	21	18
Preparation for Screwworms	12	23	13	10	5
Misc. House Insecticides	142	202	137	40	61
Termitte Preparations	6	12	5	3	0
Miscellaneous Disinfectants	37	40	20	20	8
Miscellaneous Products	29	41	39	2	14
Total	1070	2152	1590	327	410

(v) Commodity Exchange Act

Appropriation Act, 1944	300,000
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+48,581
Total anticipated available, 1944	348,581
Budget estimate, 1945	348,797
Increase	+216

PROJECT STATEMENT

Project	1943	1944 (estimated)	1945 (estimated)	Increase or decrease
1. Commodity Exchange Act:	461,729	348,581	348,797	+216
Covered into Treasury in accordance with Public Law 674	418	--	--	--
Unobligated balance	3,885	--	--	--
Total available	466,032	348,581	348,797	+216 (1)
Transferred to "Salaries and expenses, Office of Secretary of Agriculture:	+3,080	--	--	
"Salaries and Expenses, library"	+475	--	--	
Anticipated deficiency for overtime pay	--	-48,581	--	
Total estimate or appropriation	469,587	300,000	348,797	

INCREASE

(1) The increase of 216 in this item is for overtime pay required under the War Overtime Pay Act of 1943.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (deleted matter enclosed with brackets):

Commodity Exchange Act: To enable the Secretary to carry into effect the provisions of the Commodity Exchange Act, as amended (7 U.S.C. 1-17a), [and as further amended by the Act of October 3, 1940 (7 U.S.C. 2), 300,000] 348,797.

The deletion of the language referring to the Act of October 9, 1940 is proposed since that law has now been codified and is included in section 2 of Title 7 of the United States Code, which section is covered by the code reference included in the language retained.

Statement of Overtime Costs			
Marketing Service - Commodity Exchange Act			
	1943	Est. 1944	Est. 1945
Overtime absorbed	\$28,620	--	--
Additional funds for overtime (appropriated, 1943 estimated supplemental, 1944; and included in budget estimate, 1945)	--	\$48,581	\$48,797
Total cost of overtime (7 months in 1943):	28,620	48,581	48,797

WORK UNDER THIS APPROPRIATION

Objective: The purpose of federal regulation of commodities futures trading is to prevent abuses of the futures trading system by (1) insuring fair practice and honest dealing on commodity exchanges (2) preventing manipulations and corners and (3) preventing the dissemination of false and misleading crop and market information to influence prices.

The Problem and its Significance: Trading in agricultural commodities for future delivery on contract markets aggregated more than 10,000,000,000 during the fiscal year 1943. Though this is a decrease of 27 percent from 1942, it represents an increase of 22 percent compared with the 1940-41 year. The value of trading in rye increased 66 percent above the preceding year and was the largest in the 22 years for which records are available. Trading in oats increased 16 percent over the 1941-42 year and was the highest since 1937.

Futures trading is of great economic value to the producer, processor, and merchant. It enables price opinion to focus in one place. The dissemination of price quotations enables all interested parties to be informed of that opinion. As futures prices registered upon commodity exchanges reflect the opinion of the varied interests handling the actual commodity, they are of vital importance in the establishment of commodity prices and thus have a direct and important effect upon the producer.

Maintenance of the futures markets provides an outlet for speculation which can be observed, measured, and controlled. When opportunity for regulated futures trading is lacking in particular commodities, such speculation is driven into the cash markets resulting in hoarding, inventory speculation, and black market operations.

In addition to its value as a price determining function, the futures market facilitates hedging against loss. As the war situation becomes more favorable, an increasing number of processors and merchants are expected to turn to the commodity futures market for protection from price fluctuations.

The extensive use of the wheat futures market for hedging purposes by farmers' marketing organizations, merchants, and processors engaged in the handling of cash wheat, is evidenced by the figures reported by concerns whose position in a single future equals or exceeds 200,000 bushels. As of July 7, 1943, there were 54 such concerns reporting stocks of cash wheat of 182,304,000 bushels, and unfilled sales commitments of 143,183,000 bushels. In order to secure protection against price changes, these concerns had hedging positions in the futures markets on July 1 aggregating 46,128,000 bushels long and 61,564,000 bushels short.

Without the opportunity to hedge their spot transactions in the futures markets, wheat and cotton buyers, for example, would be compelled to increase their operating margins with the result that the producer would be paid less for his product. The cost of protection against price changes would thus be shifted from the speculator to the farmer.

Any slackening in enforcement of the regulatory provisions of the Commodity Exchange Act could be expected to result in increased speculation and serious dislocation of the marketing system. This is forcefully demonstrated by the number of traders whose operations have been just within the speculative trading limits established under the Act.

The limit on daily trading and the net long or short speculative position of any person in the grain futures market is established at 2,000,000 bushels. On 56 occasions during the year individual traders held positions amounting to 90 to 100 percent of his limit, thus indicating a ready desire to assume an even larger share in the market in the absence of the restrictions imposed under the Act.

The limit on daily trading and net long or short positions in cotton is 30,000 bales in any one future on one market. In 38 instances during the year traders held positions of 90 to 100 percent of the established limit. Continued scrutiny of the operations of traders is necessary if manipulation and market abuses are to be prevented.

General Plan: By licensing all commodity exchanges on which trading in the specified commodities is conducted and registering all futures commission merchants and floor brokers who execute orders for others, the area of supervision is circumscribed. Then by requiring all brokers and large traders to report daily concerning their trading operations and open positions, deliveries, and other pertinent information, the basic data are secured upon which market supervision is based.

With the assistance of supervisors, investigators, and accountants at the trade centers, all trading is scrutinized, price movements studied, apparent or alleged violations of the law investigated, books and records of futures commission merchants and large traders examined, and corrective action taken when required.

Examples of Progress and Current Program: Five-hundred and sixty-seven futures commission merchants and 456 floor brokers were registered during the past year. Fees received for registrations and duplicate certificates totaled \$12,780. On June 30, registered futures commission merchants maintained 1,432 offices in 46 states, the District of Columbia, Hawaii, and 7 foreign countries.

More than 482,000 reports filed by futures commission merchants, dealers, merchants, processors, and other traders were tabulated and analyzed.

There were completed 695 "segregation" audits (to insure proper handling of customer-funds by futures commission merchants) and 52 "position" audits (to insure compliance with speculative trading limits).

Thirty-three complaints of alleged violations of the Commodity Exchange Act were received; 4 cases, substantiated by investigation, were sent to the Solicitor for the institution of formal proceedings.

A test check of trading on the New York Cotton Exchange was undertaken to determine the extent of "stopping" orders on the opening and close and other techniques in offsetting customers' orders. It appeared, as a result of this study, that existing rules and regulations were being circumvented. An amendment to this section was accordingly promulgated, designed to clarify the requirements.

Interviews with a considerable number of members of the Chicago Board of Trade and conferences with a special rules committee of the Board and representatives of the Grain Commission Merchants Association resulted in the adoption of amendments to the rules of the Board to eliminate trading against customers' orders and the matching of customers' orders.

During the first World War the violence of price fluctuations necessitated the closing of the principal futures markets. As a consequence, established marketing methods were dislocated and the price-determining and hedging functions performed by the futures markets were denied to producers and processors. During the present war all of the principal markets, except for corn, which has reached its price ceiling, have continued to render their normal contribution to the orderly functioning of the marketing system. With continuing military successes, there will be an ever-increasing need for the services of these exchanges. Already, futures markets in two commodities, cottonseed oil and lard, prices of which remained at or near ceiling levels throughout the year, have displayed signs of revival with the recession of prices below ceiling levels.

Volume and estimated dollar value of futures trading, by commodities, fiscal year 1943.

Commodity	Unit	Volume of futures trading	Estimated value of futures trading
			1,000 dollars
Wheat	1,000 bushels	2,703,210	3,670,959
Corn	1,000 bushels	<u>1/</u> 851,787	788,755
Oats	1,000 bushels	610,552	346,183
Rye	1,000 bushels	1,469,683	1,066,990
Barley	1,000 bushels	3,124	2,455
Flaxseed	1,000 bushels	28,533	78,637
Soybeans	1,000 bushels	<u>2/</u> 16,000	27,840
Cotton	100 bales	427,381	4,278,084
Wool Tops	1,000 pounds	33,820	42,444
Butter	Carlots	<u>3/</u> 7,102	59,589
Eggs	Carlots	9,005	42,594
Potatoes	Carlots	<u>4/</u> 4,237	5,083
Millfeeds	Tons	336,370	11,201
Cottonseed Oil	1,000 pounds	31,260	4,345
Cottonseed Meal	Tons	88,500	3,319
Soybean Meal	Tons	<u>5/</u> 21,600	912
Lard	1,000 pounds	<u>6/</u> 5,350	706
Total			10,430,096

1/ Trading suspended June 25, 1943.

2/ Trading suspended February 19, 1943.

3/ No trading since January 29, 1943.

4/ No trading between March 31, 1943 and July 6, 1943.

5/ No trading since January 14, 1943.

6/ No trading between November 24, 1942 and August 3, 1943.

Commodity Exchange Act

SUMMARY OF REPORTING REQUIREMENTS

Contained in Parts 1-11 of the Regulations issued by the Secretary
of Agriculture under the Commodity Exchange Act

Commodity	By Whom Made	Frequency	Requirements
All Commodities	Futures Commission Merchants	Upon Call	(A) Total amount of money and credits held for each customer. (B) Total amount of money segregated for benefit of Commodity customers.
Grains Millfeeds			(A) Total open accounts in futures at previous close;
Cotton Wool Tops			(B) Trades today; (C) Total open accounts at close today;
Butter Fats	Clearing Members	Daily	(D) Net position at close today; (E) Deliveries made and
Eggs Oils			received; (F) Delivery notices passed today.
Potatoes Meals			
Grains Millfeeds	Futures Commission		Net long, or net short positions (by futures) of each
Cotton Wool Tops	Merchants & Contract		"Special Account" (individual accounts in any one future
Butter Fats	Market Members	Daily	on any contract market equal to or exceeding, for grains,
Eggs Oils			200,000 bushels; for cotton, 5,000 bales; for butter,
Potatoes Meals			eggs, and potatoes, 25 carlots; for wool tops, 125,000
			pounds, for lard, cottonseed oil, soybean oil, 300,000
			pounds; and for millfeeds, cottonseed meal, soybean
			meal 1,000 tons.)
Grains Millfeeds			Identification of "Special Accounts": Name of person for
Cotton Wool Tops	Futures Commission		whom account is carried, address; names of other persons
Butter Fats	Merchants & Contract	With New	having interest in account; whether holder of account
Eggs Oils	Market Members	Reports	is engaged in cash commodity business; whether hedging,
Potatoes Meals			spreading (straddling), speculative or commission house.
Grains Millfeeds			Show by markets and futures; (A) Total open contracts;
Cotton Wool Tops			(B) Whether hedging, spreading, or speculative; (C)
Butter Fats	Every Person	Daily	Total daily transactions; and (D) Deliveries made and
Eggs Oils			received.
Potatoes Meals			
Grain	Cash Grain or Spot		(A) Net cash (spot) position; (B) Make-up of (A), (C)
Cotton	Cotton Merchants or Processors	Weekly	open contracts in all futures on all exchanges; and (D)
			call cotton position, and futures upon which based.

(w) Freight Rates for Farm Products

Appropriation Act, 1944	--
Budget estimate, 1945	\$78,762
Increase in the appropriation	a/ <u>+78,762</u>

a/ Except for \$100 explained below, this is an apparent increase for freight rate work authorized by sections 201(a) to (d), inclusive, of the Agriculture Adjustment Act of 1938.

The Budget estimate proposes the establishment of a new appropriation item entitled "Freight Rates for Farm Products" under the heading "Marketing Service" to provide for financing in 1945 and thereafter the freight rate work authorized by the Agricultural Adjustment Act of 1938. In 1944 and prior years, funds for this work have been appropriated under the item "Conservation and use of agricultural land resources" and allotted to the Food Distribution Administration.

PROJECT STATEMENT

Project	1943	1944 (estimated)	1945 (estimated)	Increase or decrease
1. Freight rates for farm products	65,547	78,662	78,762	+100
Unobligated balance	3,115	--	--	--
Total available	68,662	78,662	78,762	+100 (1)
Received by continuing transfer in 1943 and 1944 from "Conservation and use of agricultural land resources" ..	-68,662	-78,662	--	
Total estimate or appropriation	--	--	78,762	

INCREASE

(1) The increase of \$100 in this item for 1945 is for overtime pay required under the War Overtime Pay Act of 1943.

CHANGE IN LANGUAGE

The estimates propose the following new subappropriation item under the main heading "Marketing Service, Food Distribution Administration":

"Freight rates for farm products: To carry out the provisions of section 201(a) to 201(d), inclusive, of Title II of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1291), \$78,762.

It is proposed that a separate appropriation item be established for the work authorized under sections 201 (a) to 201 (d) inclusive, of title II of the Agricultural Adjustment Act of 1938. This work has formerly been financed by an allotment from the appropriation "Conservation and Use of Agricultural Land Resources".

Statement of Overtime Costs

	1943:Est.	1944:Est.	1945
Overtime absorbed	[4,638]	[10,000]	---
Additional funds for overtime (appropriated, 1943; estimated supplemental, 1944; and included in budget estimate, 1945)	---	---	\$10,100
Total cost of overtime (7 months in 1943):	[4,638]	[10,000]	10,100

Note: Amounts for 1943 and 1944 are included for informational purposes, and are shown in brackets (not included in totals for "Marketing Service") since this is a new appropriation item for work which in 1943 and 1944 was financed by an allotment from the item "Conservation and use of agricultural land resources". These overtime amounts are reflected in the "Statement of Overtime Costs" under the latter appropriation.

WORK UNDER THIS APPROPRIATION

Objective: To increase returns to producers by securing adjustment of freight rates on farm products.

The Problem and its Significance: Neither the individual farmer nor farm cooperative associations have the facilities to examine and present before the Interstate Commerce Commission the producer's point of view on such highly technical problems as freight rates, charges, tariffs, and practices relating to the transportation of farm products from farm to market.

The cost of transporting produce from farm to market is the largest single item of expense for producers in marketing their products. With constant pressure being exerted by railroads for higher rates, it is vital that competent authority be available to safeguard the interests of producers. Likewise, the overburdening of our transportation facilities during the present emergency requires every effort to avoid unnecessary controversy and continue smooth operation of the system of rates and charges.

General Plan: Persons familiar with the Nation's transportation system watch marketing developments closely to determine whether adjustments should be made in rates pursuant to changes in the volume of goods,

competitive situations and new systems of marketing. Surveys of tariffs and transportation practices are constantly underway; close relationships are maintained with producers' associations in all parts of the country, and data are prepared on producers' transportation problems for presentation before the Interstate Commerce Commission, the Office of Defense Transportation and related agencies. Legal work in connection with these problems is handled by the Solicitor's Office in the Department.

Progress and Current Programs: During the fiscal year 1943 the following activities, among others, were undertaken in connection with this project:

- (1) Petitioned the Interstate Commerce Commission to remove the increases in freight rates which had been in effect since March 18, 1942, insofar as agricultural products were concerned. The Commission suspended the effectiveness of the increases until December 31, 1943. It is contemplated that the Division will seek to remove permanently these freight rate increases.
- (2) Opposed the abandonment of railway branch lines where such abandonment would adversely affect farm interests.
- (3) Successfully protested the publishing of Pacific Coast terminal charges which has resulted in a large savings to the Government because of lower charges on the large Lend-Lease food shipments through these ports.
- (4) Protested the proposed elimination of transit privileges, the increase in estimated billing weights, the discontinuance of free back haul or out-of-line haul services, the increase in unloading livestock rate at Chicago, and other actions by carriers that would adversely affect the producers of agricultural products.
- (5) Cooperated in the presentation of several formal complaints to the Interstate Commerce Commission to secure better transit privileges, abolish discriminatory rates, and to lower unreasonably high rates.
- (6) Investigated the National Perishable Freight Committee's proposed increase of 60% in the standard refrigeration charges on shipments of frozen fruits and vegetables. The results so far indicate that this high increase is unjustified.
- (7) Presented a proposal for half-stage icing in order to alleviate the very serious shortage of ice and to realize economies of labor and motive power. This service has been inaugurated and when the full potentiality of this type of service is realized, it is calculated that agricultural producers will save millions of dollars annually.

There was no increase in this appropriation for fiscal year 1944 over 1943 and only a requested increase of \$100 in 1945. It is anticipated that the greatly amplified volume of this work arising from increased wartime traffic will continue to be handled efficiently with the present staff.

(x) Salaries and Expenses, Marketing Service,
Food Distribution Administration
(Transfer from Bureau of Animal Industry)

This budget schedule covers obligations under funds transferred in 1943 and 1944, and estimated for 1945, from three appropriations under the item "Salaries and expenses, Bureau of Animal Industry" for functions transferred to the Food Distribution Administration by Executive Order 9280 of December 5, 1942 (meat inspection, enforcement of the 28-Hour law, and related general administrative expenses). The objectives of the work and current activities are discussed in the explanatory notes for the Bureau of Animal Industry items "Meat Inspection", "Inspection and Quarantine", and "General Administrative Expenses". These notes also include an explanation of recommended increases for proposed reclassifications of the salaries of veterinarians and lay assistants.

(y) Special Research Fund, Department of Agriculture
Allotment to Food Distribution Administration

This Budget schedule covers obligations under an allotment for special research in marketing farm products.

(z) Administration of Federal Crop Insurance Act
Allotment to Food Distribution Administration

This Budget schedule covers obligations under an allotment in the fiscal year 1943 for furnishing the Federal Crop Insurance Corporation with daily reports on grain price quotations.

(aa) Working Funds (Food Distribution Administration)

This Budget schedule covers obligations under funds advanced by various governmental agencies for services under authority of Section 601 of the Economy Act of June 30, 1942, the details of which are shown in the "Statement of Obligations under Supplemental Funds" at the back of these explanatory notes.

(bb) Expenses and Refunds, Inspection and Grading of Farm
Products, Food Distribution Administration (Trust Fund)

Under authority of the Agricultural Appropriation Act, the Secretary of Agriculture provides an inspection and grading service for farm products upon the application of an interested party. This service is supported in part by the appropriation "Salaries and Expenses, Market Inspection of Farm Products," and in part by fees charged for the services. These fees are covered into the Treasury as a special trust fund and are appropriated and made available for the payment of refunds and expenses in connection with the work provided for under cooperative agreements. This budget schedule reflects the fees estimated to be collected and obligated.

(cc) Grading of Agricultural Commodities for Commodity Credit Corporation, Food Distribution Administration (Trust Fund)

This budget schedule covers obligations under funds advanced by the Commodity Credit Corporation and appropriated for the classification of cotton and the grading of wool, according to agreement between Food Distribution Administration and Commodity Credit Corporation, by specialists employed by Food Distribution Administration in connection with loans made by the Commodity Credit Corporation under the provisions of Section 302 of the Agricultural Adjustment Act of 1938, as amended.

(dd) Redemption of Order Stamps, Food Distribution Administration (Trust Fund)

This item reflects deposits, in trust in the Treasury of the United States, of funds received from local and State welfare agencies in payment of orange food order and green cotton order stamps, and transfers from the general fund for blue food order stamps. These funds were made available for the redemption of such stamps by the Food Distribution Administration in connection with the Food and Cotton Stamp Plan. This schedule reflects obligations only for the fiscal year 1943, since the Stamp Plan was discontinued on March 1, 1943.

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

Item	Obligations, 1943	Estimated obliga- tions, 1944	Estimated obliga- tions, 1945
<u>Salaries and Expenses, War Food Administration,</u> <u>(Food Distribution Administration):</u>			
Determination of total food requirements and assignment of allocations based on available food supplies	277,069	1,887,015	2,170,750
The planning, preparation, supervision, and direction of food distribution orders	415,128	2,330,867	3,170,355
Securing compliance with and enforce- ment of food distribution orders	952,419	6,391,286	6,520,895
Ascertaining requirements for and pro- viding critical materials and facilities in the food processing industry	155,850	230,078	265,000
Civilian requirements, nutrition and food conservation	218,809	750,197	973,000
Total, Salaries and Expenses, War Food Administration	2,019,275	11,589,443	13,100,000
<u>Special Deposit Account, Federal Surplus</u> <u>Commodities Corporation (Northeastern</u> <u>Timber Salvage Administration), Funds Loaned</u> <u>by Disaster Corporation</u>			
Expenses of salvaging timber in New England damaged by the hurricane	594,550	302,602	—
<u>Emergency Supplies for Territories and</u> <u>Possessions (Revolving Fund), Procuring,</u> <u>transporting, and distributing agricultural</u> <u>and other commodities and supplies to meet</u> <u>the emergent requirements of the civilian</u> <u>population of the territories and possessions</u> <u>of the United States</u>	508,932	581,753	583,937
<u>Foreign War Relief (Allotment to Agriculture)</u> <u>(Food Distribution Administration), Purchase</u> <u>and distribution of agricultural commodities</u> <u>for refugee relief</u>	1,613,570	3,064,865	2,500,000
<u>Conservation and use of agricultural land</u> <u>resources, Economic studies and other</u> <u>activities of the Consumers' Counsel</u> <u>Division</u>	92,979	—	—
<u>Supplies and Transportation, Army</u> <u>(Transfer to Food Distribution Administra-</u> <u>tion):</u>			
Inspection of hay and supervision of Army hay inspectors	3,250	6,000	6,000

Item	Obligations, 1943	Estimated obliga- tions 1944	Estimated obliga- tions, 1945
Salaries and Expenses, Marketing Service,			
Transfer from Animal Industry for General			
administrative expenses, enforcement of			
28-hour law and meat inspection			
Meat inspection operations at packing			
plants under the Federal Meat Inspection			
service	7,587,613	8,485,611	a/9,227,669
Determination of adulterations and other			
objectionable conditions in meat and			
meat food products by laboratory			
analysis	96,383	110,714	110,714
Inspection of imported meats and meat			
food products by laboratory analysis	33,781	36,111	36,111
Enforcement of 28-hour law	28,295	29,664	29,664
Total, Bureau of Animal Industry	7,746,072	8,662,100	a/9,404,158
Special Research Fund, (Food Distribution Admin-			
istration): Special researches in marketing			
farm products	17,550	18,560	18,560
Administration of Federal Crop Insurance Act			
(Food Distribution Administration): Daily			
reports on grain price quotations	2,000	- -	- -
Working Funds, Food Distribution Administration:			
Advances from War Department:			
Inspection of processed fruits and vege-			
tables	600,000	872,213	- -
Inspection of miscellaneous grains and			
cereal products	10,000	30,000	- -
Total, War Department	610,000	902,213	- -
Advances from Commodity Credit Corporation:			
Inspection and grading of peanuts	- -	150,000	- -
Investigation of methods of caring for			
grain in storage	5,000	5,000	- -
Purchase and resale program for processing			
vegetables	- -	35,000	- -
Total, Commodity Credit Corporation	5,000	190,000	- -
Advance from Office of Price Administration:			
Development of commodity standards	1,450	- -	- -
Total, Working Funds	616,450	1,092,213	- -

a/ \$307 less than shown in printed Budget, which is in error.

Item	Obligations, 1943	Estimated: obligations 1944	Estimated obligations 1945
Expenses and Refunds, Inspection and Grading of Farm Products, Food Distribution Admin- istration (Trust Fund)	\$3,407,103:	\$3,610,771:	\$3,600,000
Grading of Agricultural Commodities for Commodity Credit Corporation, Food Distri- bution Administration (Trust Fund):			
Classification of cotton	269,006:	291,779:	250,000
Grading of wool	12,570:	232,430:	- -
Total, Grading of Agricultural Commodi- ties for Commodity Credit Corporation:	281,576:	524,209:	250,000
Redemption of Order Stamps, Food Distribution Administration (Trust Fund): Redemption of:			
food and cotton order stamps	132,697,902:	- -:	- -
Total, Obligations under supplemental funds .:	149,601,209:	29,452,516:	29,562,962

PASSENGER-CARRYING VEHICLES

The Food Distribution Administration proposes to purchase 35 passenger-carrying vehicles at a total cost of \$42,000 to replace 35 cars which will have been driven more than 70,000 miles and become more than 7 years old. This request is limited to 35 vehicles, although 378 other cars now in use are old enough to warrant replacement under normal conditions.

Because of the full-time use to which all vehicles have been put during the past two years, deterioration has been rapid. Used cars require greater expense for maintenance and operation, but their continued use is justified because of the limited number of new cars available. This request contemplates maintenance of our complement of vehicles only at the minimum necessary for efficient operation, in accordance with Nation-wide restrictions and conservation measures on the use of gasoline and tires.

The estimated trade-in allowance for the 35 old vehicles totals \$5,250 or \$150 per car; the estimated cost of each new car is \$1,200, or a net cost of \$1,050.

In wartime, because of rapidly changing market conditions, it is more important than ever that field employees have adequate transportation to cover their operational spheres. Specifically, Food Distribution Administration automobiles will be used by market reporters to gather news of market conditions and prices; by inspectors and graders of farm products, meats and poultry; and by inspectors of warehouses and naval stores.

To do their jobs, employees must travel by automobile to markets, warehouses, railroad yards, grain elevators, stockyards, and factories which are not easily accessible by any other means. Delay in reaching these points results in loss of time, endangers health, and deprives the Government of adequate and current reports on the food supply.

Should the procurement of new vehicles prove impossible, the funds requested would be needed for additional upkeep and for transportation by other methods.

FARM SECURITY ADMINISTRATION

(a) Loans, Grants, and Rural Rehabilitation

Appropriated Funds:

Appropriation Act, 1944	\$20,000,000
First Supplemental National Defense Appropriation Act, 1944 .	6,500,000
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+4,286,285
Total anticipated available, 1944	30,786,285
Budget estimate, 1945	28,500,000
Decrease	-2,286,285

Authorization for borrowings from R.F.C. for loans:

Authorization, 1944 (including 67,500,000 in First Supple- mental National Defense Appropriation Act, 1944)	67,500,000
Authorization, Budget estimate, 1945	97,500,000
Increase	+30,000,000

Net total funds available:

Anticipated, 1944	98,286,285
Estimate, 1945	126,000,000
Increase	+27,713,715

PROJECT STATEMENT

Project	1943	1944 (estimated)	1945 (estimated)	Increase or decrease
1. Salaries and expenses:				
(a) Making loans, assisting and servicing original loans	\$4,084,020	\$2,990,320	\$4,870,000	\$+1,879,680(1)
(b) Collecting, assisting and servicing outstand- ing loans	31,655,382	27,102,916	23,197,070	-3,905,846(2)
2. Grants	1,724,804	500,000	250,000	-250,000(3)
3. Rural rehabilitation projects	98,531	81,720	81,720	- -
4. Loans (appropriated funds):	577,020	- -	- -	- -
5. Migratory labor camps ...	1,399,813	- -	- -	- -
Covered into Treasury in accordance with Public Law 674	537,170	- -	- -	- -
Continuing allotments and transfers to other appro- priations and departments				
(as shown in Budget schedules:	129,297	111,329	101,210	-10,119(4)
Unobligated balance	1,968,706	- -	- -	- -
Total available, appro- priated funds	42,174,743	30,786,285	28,500,000	-2,286,285

Project	1943	1944 :(estimated):	1945 :(estimated):	Increase or decrease
Received by loan from Recon- struction Finance Corpora- tion	96,678,070:	67,500,000:	97,500,000:	+30,000,000(5)
Total available, appropria- tions and loan authori- zations	138,852,813:	98,286,285:	126,000,000:	+27,713,715
Transfers in estimates in prior year to other appro- priations (as shown in Budget schedules)	+644,814:	- -:	- -:	
1942 balance reappropriated for obligation in 1943 ...	-5,000,000:	- -:	- -:	
Anticipated deficiency for overtime pay	- -:	-4,286,285:	- -:	
Total direct appropriations and loan authorizations	134,497,627:	94,000,000:	126,000,000:	

INCREASES OR DECREASES

The increase of \$27,713,715 in this item for 1945 consists of a decrease of \$2,286,285 in appropriated funds for expenses other than loans, and an increase of \$30,000,000 in the authorization to borrow from the Reconstruction Finance Corporation for rural rehabilitation loans, as follows:

(1) An increase of \$1,879,680 under the project "Salaries and expenses--Making loans, assisting and servicing original loans" due to an increase of approximately 39,000 in the number of original loans to be made.

(2) A decrease of \$3,905,846 under "Salaries and expenses--Collecting, assisting and servicing outstanding loans." This reduction will be made as a result of a decrease in the caseload during the fiscal year 1944 and by effecting additional economies in organization and increasing the workload of county offices.

(3) A decrease of \$250,000 for "Grants." This decrease is made possible by the elimination of all types of grants other than those necessary to relieve immediate distress caused by flood and other disasters, and for immediate needs for medical and health groups.

(4) A decrease of \$10,119 under "Continuing Allotments and Transfers, etc.," representing a reduction in the amount of funds estimated by the Treasury Department to cover the cost of disbursing services for the Farm Security Administration.

(5) An increase of \$30,000,000 for "Loans." This increase will make possible the making of approximately 39,000 additional original standard loans.

IN ADDITION TO THE ABOVE OVERALL REDUCTION, PROJECTS 1(a) AND 1(b) PROVIDE FOR THE MAKING AND SERVICING OF LOANS WHICH WERE FORMERLY FINANCED FROM THE APPROPRIATION "WATER FACILITIES, ARID AND SEMI-ARID AREAS." NO SPECIFIC ESTIMATE IS INCLUDED IN THE BUDGET UNDER THIS LATTER ITEM FOR THE FISCAL YEAR 1945.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

To enable the Secretary through the War Food Administration to continue to provide assistance through rural rehabilitation and grants to needy farmers in the United States, its Territories, and possessions, including (1) farm debt adjustment service, and making and servicing of loans and grants under this and prior laws [;], (2) loans to needy individual farmers [;], (3) grants [;], and (4) liquidation as expeditiously as possible of Federal rural rehabilitation projects under the supervision of the War Food Administration [, 20,000,000]; to carry out the Water Facilities Act of August 28, 1937, as amended (16 U.S.C. 590r-590x, 590z-5), and to service and collect loans made under the provisions of the Act of July 12, 1943, Public Law 140, 28,500,000, which sum shall be also available for necessary administrative expenses incident to the foregoing, including personal services in the District of Columbia and elsewhere; not to exceed 87,500 for compensation of experts without regard to the Classification Act of 1923, as amended; * * * *

The first several changes of language recommended in the above paragraph are for the purpose of correcting punctuation. The second change above is to permit the purposes of the Water Facilities Act to be carried out under this item, including the servicing of loans previously made, in view of its elimination as a separate item in the estimates, and also to permit the servicing and collecting of Flood Restoration Loans made during the fiscal year 1944 out of the \$15,000,000 appropriation pursuant to the provisions of Public Law 140. The third change above is to place a limitation on the amount which may be expended during 1945 under this appropriation for the employment of experts without regard to the Classification Act of 1923, as amended. This is in accordance with a general policy of the Bureau of the Budget and the Civil Service Commission with respect to employment language of this nature.

[; Provided further, That during the first four months of the fiscal year ending June 30, 1944, the Administrator of the War Food Administration may, in his discretion, authorize expenditures from this appropriation at a rate in excess of one-twelfth of the total appropriation during each of such months]

The above change deletes a proviso which is applicable only to the fiscal year 1944.

None of the moneys appropriated or otherwise authorized under this caption ("Loans, grants, and rural rehabilitation") shall

be used for (1) the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program; (2) the carrying on of any operations in collective farming, or cooperative farming, or the organization, promotion or management of homestead associations, land-leasing associations, land-purchasing associations, or cooperative land purchasing for colonies of rehabilitants or tenant purchasers, except for the liquidation as expeditiously as possible of any such projects heretofore initiated; or (3) the making of loans to any individual farmer in excess of \$2,500; or (4) the making of loans to any cooperative association; or (5) the making of loans for the payment of dues to or the purchase of any share or stock interest in any cooperative association (except for medical, dental or hospital services) or for any expenditure other than that deemed necessary, in the discretion of the Administrator, for the production of agricultural commodities: Provided, however, That none of the restrictions contained in this paragraph shall apply to loans and grants made in carrying out the purposes of the Water Facilities Act of August 28, 1937, as amended, (16 U.S.C. 590r-590x, 590z-5).

This change is for the purpose of exempting from the restrictions in the foregoing paragraph any loans which may be made under the provisions of the Water Facilities Act of August 28, 1937, authority for which under this heading is recommended in a language change previously explained above. The several restrictions in question were not intended to apply to loans made under the Water Facilities Act, which, of course, should continue to be made strictly in accordance with the provisions thereof.

Statement of Overtime Costs

	1943	Est. 1944	Est. 1945
Overtime absorbed	\$3,034,524:	- -:	- -
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944; and included in budget estimate, 1945)	- -:	\$4,286,285:	\$3,985,583
Total cost of overtime (7 months in 1943)	3,034,524:	4,286,285:	3,985,583

WORK UNDER THIS APPROPRIATION

Objective: To increase production of essential food, feed, and fiber crops by (1) providing the capital required to expand production by those farmers having the necessary land and labor resources, but who are unable to get credit elsewhere on reasonable terms, (2) providing the necessary practical advice, assistance, and supervision to assure the most efficient

combination of manpower and resources, and to bring about some necessary fundamental changes in agricultural production in line with the Nation's war needs, and (3) providing credit to acquire facilities necessary for the more effective utilization of limited water supplies on farms and ranches in the arid and semi-arid areas of the West.

The Problem and its Significance: With an increase in production goals for 1944 calling for 16,000,000 additional acres to be brought into production, it is obvious that all of the productive resources of the Nation must be fully utilized. There must be neither waste of the productivity of the available manpower or land, nor under-utilization of productive resources which, even as they become scarcer, are called upon to contribute more than ever. The wartime food production program demands a complete mobilization of all productive resources. This mobilization must necessarily take into account the different production capabilities of the several classes of farmers. Therefore, efforts must be made to supply deficiencies which prevent maximum production of any and all classes. Some farmers lack labor, both skilled and unskilled, to enable them to produce to the utmost, while others lack adequate capital or sources of credit and knowledge of proper management practices.

A careful appraisal of the Nation's farms permits a ready classification according to the degree to which they afford employment to the operators, and, therefore, the extent to which they might increase production. This classification discloses a large segment falling into a group which evidences less than full employment for their operations, but with excellent opportunities for a substantial increase in production of essential war crops. There are many in this group wholly lacking in capital resources or sources of credit at reasonable terms and whose operators are lacking in knowledge of proper farming practices leading to maximum production, and it is within this group that the rural rehabilitation program is most effective in increasing production of commodities which are vitally necessary at this time and in the near future.

Agriculture's job is to convert this group as rapidly as possible into full-time productive farms with definite basic programs differing in many cases from those on which they have been operated. The primary need of the farmers to attain complete mobilization for war production is adequate capital resources. Many of these farmers will be able to get such capital through other credit facilities. The larger part of this group, however, must have credit, but in addition they require a comprehensive program of practical guidance and supervision in full production techniques, and this constitutes the secondary, but hardly less important, need of this group of farmers. The maximum output of these farms and farmers will require, in addition to expansion of the farms' physical capacities, a redirection of the farmers' time and effort.

There is no question but that this group of farmers can make substantial increases in production. The production records of borrowers now operating under the Farm Security Program show what this type of farmer can do if given the chance to expand capital resources and place operations

on a full production war basis. A recent survey of the production records of FSA borrowers showed that the average farmer on this program produced considerably more than his proportionate share of the increase in agricultural commodities called for in 1942 by the Department of Agriculture.

Comprising 7.6 percent of the total number of farmers in the Nation, FSA borrowers in this year contributed 38 percent of the total milk increase produced by all farmers, 5 percent of the pork increase, 9 percent of the increase in eggs and chickens, and 11 percent of the beef. The following Schedule 1 shows the 1942 production increases by Farm Security borrowers compared to that of all farmers:

Schedule 1. INCREASES IN PRODUCTION OF ESSENTIAL CROP AND LIVESTOCK PRODUCTS BETWEEN 1941 AND 1942 BY ALL FARMERS AND BY FARM SECURITY ADMINISTRATION BORROWERS

Product	All Farmers 1/		FSA Borrowers		% of Net Increase by All Farmers Contributed by FSA Borrowers
	Amount	% Increase	Amount	% Increase	
	1941 to 1942	1941 to 1942	1941 to 1942	1941 to 1942	
Milk (gal.)	435,000,000	3	165,000,000	20	38
Pork (lbs. livewgt.)	3,617,940,000	21	192,400,000	36	5
Eggs (doz.)	537,333,000	15	49,800,000	31	9
Beef (lbs. livewgt.)	1,141,860,000	7	124,300,000	38	11
Chickens (lbs. livewgt.)	2/ 429,308,000	14	37,100,000	36	9
Peanuts (lbs.)	1,028,000,000	70	101,700,000	88	10
Soybeans (bu.)	104,000,000	98	3,185,000	101	3
Drybeans (lbs.)	110,500,000	6	19,122,000	29	17
Sugar beets (ton)	1,332,000	13	105,000	23	8

Total number of all farmers 6,097,000

Number of actively supervised FSA borrowers producing in 1942 .. 463,941

Proportion of all farmers who were actively supervised FSA borrowers 7.6%

1/ Source: Latest published estimates of Bureau of Agricultural Economics.

2/ Increases in farm production and commercial broiler production.

It is particularly significant that these borrowers with Farm Security assistance increased their production of every one of these crop and livestock products in greater proportion than did all the other farmers. Farm plans made by Farm Security borrowers for 1943, and carried into practice, call for the following additional increases in 1943 production over that attained in 1942: Milk, 20 percent; eggs, 41 percent; chickens, 35 percent; beef, 36 percent; dry beans, 35 percent; and peanuts, 72 percent.

The significance of these increases in production can be more readily seen when considered in relation to dietary requirements for active men. The following Schedule 2 sets forth rather clearly the number of active men who can be fed from the increased production of certain commodities produced by rural rehabilitation borrowers:

Schedule 2. NUMBER OF ACTIVE MEN WHO CAN BE FED FROM INCREASED
ARTISAN PRODUCTION OF SELECTED PRODUCTS BY ACTIVE STANDARD RURAL
REHABILITATION FARM SECURITY ADMINISTRATION BORROWERS.

Product	Unit	Amount	Increase	Adequate : Yearly : Diet : for an : Active : Man 1/	Number of Active Men Increased Production Will Feed for One Year	
					1941 to 1942	1942 to plan 1943
Milk	Gal.	164,998,000	193,858,000	65	2,538,000	2,982,000
Eggs	Doz.	49,800,000	85,427,000	17	2,929,000	5,025,000
Chickens 2/	Lb. 3/	27,825,000	36,457,000	20	1,391,000	1,823,000
Pork 4/...	Lb. 5/	96,200,000	225,656,000	60	1,603,000	3,761,000
Beef 6/...	Lb. 3/	62,150,000	80,835,000	80	777,000	1,010,000
Dry Beans	Lb.	19,122,000	29,395,000	45	425,000	653,000

- 1/ Bureau of Home Economics. Planning diets, p. 10 (Modest-cost adequate diet for very active men). Washington, D. C., July 1941.
- 2/ Assuming that chickens dress out 75 percent and supply 20 pounds (10 percent) of the lean meat requirement of 200 pounds per year for a very active man.
- 3/ Dressed.
- 4/ Assuming that hogs dress out 50 percent lean and supply 60 pounds (30 percent) of the lean meat requirement.
- 5/ Lean dressed.
- 6/ Assuming that beef cattle dress out 50 percent and supply 80 pounds (40 percent) of the lean meat requirement.

It is important to recognize that a program aimed at increasing the food production of low-income, under-employed farm families inevitably makes a substantial contribution toward rehabilitation. During the present period of relatively good farm prices, with less pressure of population on the land than for many years in the past, and with hundreds of thousands of small farmers who are not using their labor at full capacity, there is an unusually good opportunity for a rural rehabilitation program to contribute very substantially toward our food production needs. In other words, the very best way in which to increase the incomes, the standard of living, the debt-paying ability and the net worth of low-income farmers at the present time is to aid them in increasing their production of food and feed crops.

Health: One of the most significant aspects of the loans and supervision under the rural rehabilitation program is in providing more adequate medical care to small farmers in rural areas. The scarcity of doctors in rural communities is a serious problem. The steady drain of medical men from agricultural counties as a result of the needs of the armed forces and the demands of ever-growing urban areas has resulted in an appalling drop in the ratio of doctors to the rural population. There is a marked need for the extension of medical

care to do two things: (1) Enable rural people to make the very best use of the doctor's limited time and capacities; and (2) provide adequate economic opportunities for the rural doctor to keep him in the community.

It is in many of the areas with acute doctor shortages that this Nation must find a large part of the food production increases that are still possible. The problem of providing adequate medical care for the families who must produce most of these increases is not entirely one of income, although many of these families have in the past had difficulty in meeting doctors' bills. The real problem today is that of utilizing the doctor's time to the best advantage so that as many as possible of the rural people can get his services.

Poor health has long stood as a barrier to maximum farm production on the farms of the low-income groups. In 1940, FSA physicians examined over 11,000 persons in 17 States among Farm Security borrower families. They found an average of 3-1/2 significant physical defects per person. One farmer in every 12 has a hernia. Varicose veins were found in 14 percent, and hemorrhoids in 19 percent of the men and women examined. Second and third-degree perineal tears--neglected childbirth injuries--were found in 41 percent of the wives in white families. There was a vast amount of dental disease and malnutrition, with defective vision and infected tonsils occurring very frequently. As in the case of Selective Service findings, the tragedy in this situation is that the great majority of these conditions are either preventable or remediable.

Water Facilities: In many areas of western United States, the quantity, quality, and availability of water for irrigation, livestock, and domestic use are more frequently the primary limiting factors to food production and agricultural stability than is lack of good soil or capital resources. To assist farmers to utilize properly the available water that is necessary for adequate farm production and home use, the Water Facilities Program was initiated in the fiscal year 1939 under the provisions of the Pope-Jones Act of August 28, 1937. In the five years the program has been in operation, approximately 12,500 facilities have been completed or are under way as a result of loans, grants, and technical advice made available to farmers and ranchers. Although considerable headway has been made, a huge job yet remains to be done to assist farmers to harness their potential productive capacity to the Nation's war effort.

The lack of capital and of relatively long-term credit at a reasonable rate of interest has resulted in the improper construction and installation of many facilities and in the inadequate maintenance and repair of some facilities that were constructed. For the same reasons many farmers and ranchers have been unable to undertake the construction of new and needed facilities which would be entirely practical and feasible, both from the physical and economic points of view. In many cases, also, farmers and ranchers have been unable to operate successfully because of lack of guidance in the use of their water facilities with respect to farm and home management and wise use of water and land.

A typical illustration of a group facility is offered by a recently established project in Idaho. Here, 30 or 40 farmers had their entire water supply cut off when a landslide destroyed a portion of their main canal. Unable to repair the ditch with their available equipment and unable to get the money from ordinary sources to finance the purchase of the necessary flume and construction work, they were faced with the necessity of taking their total farm acreage, amounting to over 3,000 acres of good irrigated farm land, entirely out of production. A water facilities loan enabled them to purchase the materials they needed and to hire the construction work done, and technical guidance by water facility engineers was also provided. Thus this problem was solved.

There are hundreds of individual cases illustrating the problem on a different scale. Another typical problem is the difficulty of winter operations encountered by farmers who have to haul water for household and livestock purposes from a two- to three-mile distance. Since this long hauling is virtually impossible in sub-zero weather, many farmers are unable to maintain livestock enterprises the year around. Moreover, in summer they are unable to maintain gardens, even when the water is plentiful at the source, because of the difficulty of haulage. Small water facilities loans enable these farmers to drill individual farmstead wells that provide an adequate year-round supply, with the result that much better use is made of the farmers' time and resources in the production of food.

Current Program: The following tabulation shows the kinds and numbers of separate water facilities completed or under construction during the fiscal year 1943, and cumulative to June 30, 1943.

WATER FACILITIES COMPLETED OR UNDER CONSTRUCTION

Description	Fiscal Year: Cumulative Total	
	: 1943	: to June 30, 1943
Stock watering facilities:	:	:
Number of ponds (new and repaired)....	: 36	: 587
Number of wells (new and repaired)....	: 597	: 2,317
Number of pumps (new and repaired)....	: 310	: 880
Number of windmills (new and repaired)	: 423	: 1,834
Number of springs developed	: 13	: 111
Number of tanks	: 454	: 3,003
Other facilities	: 377	: 377
Irrigation facilities:	:	:
Number of dams (new)	: 4	: 191
Number of dams (repaired)	: 3	: 55
Number of wells (new)	: 70	: 415
Number of wells (repaired)	: 13	: 124
Number of pumps (new)	: 73	: 585

Description	Fiscal Year: Cumulative Total	
	1943	to June 30, 1943
Irrigation facilities (cont.):		
Number of pumps (repaired)	7	57
Number of distribution systems (new) .	14	875
Number of distribution systems (repaired)	7	609
Other facilities:		
Diversion and other	29	491
Total facilities completed or under construction as of June 30, 1943 ...	2,430	12,511

Since no funds are included in the estimates for 1945 under the item "Water facilities, arid and semiarid areas," such loans as may be necessary, and possible within limits of available funds, will be made from the appropriation "Loans, grants, and rural rehabilitation."

Need for Assistance and Guidance: There is urgent need for supervisory assistance to help the small farmer convert his farming operations into an efficient and productive plant. This means, in many instances, aid in increasing the land resources being operated. It means assistance in planning the addition of new enterprises--for example, adding livestock, growing grain, legume hay and supplementary pasture, as well as oil crops such as peanuts and soybeans; in carefully selecting the new capital resources which are purchased with the production loan--good livestock, inexpensive but adequate machinery, and high quality seed and fertilizer; organizing with his neighbors for the cooperative use of scarce machinery and equipment, and in obtaining access to the best transportation, processing, and marketing facilities available.

Also, there is need for supervision to help the farmer to do the job that he has to do on his better organized farm. This involves on-the-spot demonstration in the planting, care, and harvesting of new crops. It means the teaching of simple practices in keeping cows, hogs, and other livestock, such as the necessity for raising hogs on clean ground, for feeding protein supplements, and for housing poultry in adequate shelters. It means simple shortcuts in the efficient use and repair of equipment and machinery.

Again supervision is needed to help provide services for the farm, such as helping borrowers form simple partnerships whereby three or four small farmers obtain the use of heavy machinery or a purebred sire; to secure more equitable leasing arrangements; and, with the help of local committeemen, to scale down old debts that cannot be paid.

This supervision is not complicated. It is largely a matter of personal contacts, on-the-spot demonstrations, and practical lessons and advice

in small meetings. It is directed specifically toward making the loans effective. In short, the supervisor as the local representative of the Farm Security Administration does each and every thing possible and necessary, within the limits of the FSA program to enable the farmer-borrowers to produce food, feed, and fiber to the capacity of their plants.

Following is a statement of recent accomplishments and developments in the loan program:

General Plan--The Proposed 1945 Loan Program: It is estimated that the number of FSA borrowers receiving technical supervision and guidance as of June 30, 1944, will be 435,000. Of this number, about 175,000 will need supplemental loans averaging \$275 each. In addition to these supplemental loans, it is proposed that the Farm Security Administration make original loans to 65,000 farmers who cannot obtain adequate credit at reasonable rates of interest from other sources, but who can increase their food production substantially. Such loans would average about \$750 each, and probably range from about \$600 in the South to \$1,000 in the West. It is believed that these loans will enable these farmers to get into full production, or close to full production, within one or two years. For purposes of comparison, refer to Table VIII which shows the number of loans, amounts, and average sizes of loans made by States for prior fiscal years and cumulative since the inception of the program. The size of rural rehabilitation loans has varied widely in different sections of the Nation as can be seen in Figure 5.

These production loans would be used for different purposes in different parts of the country. They would be directed principally toward the farmer's deficiency of working capital, which is the primary obstacle in the way of production. Such loans would enable him to buy baby chicks, gilts, cows, feed, seed, fertilizer, limestone, and implements. They would provide for the repair of machinery and equipment. They would help him buy workstock where it is needed. They would cover necessary operating costs during the production and harvesting season. They would provide some of the small types of water facilities in the arid and semiarid areas, formerly provided from funds appropriated under the Pope-Jones Act.

The schedule set forth below shows the estimated increase in production that can be expected by these 65,000 new borrowers. The basis of these figures are the accomplishments in obtaining food production increases by new borrowers receiving FSA credit and supervision for the first time during the fiscal year 1943.

<u>War</u> <u>Commodity</u>	<u>Unit</u>	<u>Average Per</u> <u>Borrower</u>	<u>Estimated Production</u> <u>Increases in 1945</u> <u>by 65,000 Borrowers</u>
Milk	Gal.	220	14,300,000
Eggs	Doz.	148	9,620,000
Chickens ^{1/}	Lbs.	150	9,750,000
Soybeans	Bu.	15	975,000
Peanuts	Lbs.	225	14,625,000
Dry Beans	Lbs.	34	2,210,000

1/ Liveweight

These production increases are large and are really significant when it is realized that they would be sufficient, on the basis of the Bureau of Human Nutrition and Home Economics' recommended diets for active men, to meet the needs for one year of the following number of men:

Milk	219,500
Eggs	565,300
Chickens	365,000
Dry Beans	49,500

As has been shown earlier, Farm Security borrowers made unusually large increases in food production in 1942 (see Schedule 1). They also made excellent gains in their gross income (see Figure 1) and their net worth, and made an amazingly good record in repaying their loans. The average net worth of active standard borrowers increased 62 percent to \$2,008 between 1941 and 1942. (See Table I for distribution by States.) This is an increase of about 130 percent in average net worth as compared to the amount of \$871 the year before they received their first FSA loan.

The Farm Security Administration and its predecessor, the Resettlement Administration, have supervised the lending of \$778,522,696 to small farmers during the past eight fiscal years. (See Table II for distribution by States by fiscal years.) Approximately 50 cents of the average original standard RR loan dollar has been used by small farmers to obtain equipment, machinery, livestock, fertilizer, and limestone--all vitally needed for expanded food production. Another 26 cents has been used for farm operating expenses--feed, seed, supplies, machinery repairs, etc.; 17 cents was used for debt settlement and refinancing. Only 7 cents was used for family living expenses. (See Figure 2.)

The rehabilitation borrowers are not only making significant contributions to the Nation's food supply, and at the same time making real progress toward their permanent rehabilitation, but they are also paying back the money which has been lent them. During the fiscal year 1943, collections from rehabilitation loans totaled \$128,720,776 (principal, \$114,765,976; interest, \$13,954,800), as compared with loans made during the year in the amount of \$97,255,090. In other words, the Farm Security Administration collected from its rehabilitation borrowers \$31,465,686 more

than was extended as rural rehabilitation loans during the year (see Table III for advances and collections by fiscal years).

Including prepayments, 93.3 percent of the maturities on rehabilitation loans had been collected as of June 30, 1943. (See Table IV for information by States.) Whereas in the earlier years of the FSA program it was estimated that approximately 80 percent of the total funds advanced for rural rehabilitation purposes would be collected, the experience of the more recent past indicates that the ultimate collections on these loans will approximate at least 85 percent of the total funds extended. The proportion of total principal repayments to total matured principal has been increasing each year, and as indicated above, by the end of the 1943 fiscal year was greater than 93 percent (See Figures 3 and 4).

Since the inception of the program through June 30, 1943, a total of 5,829 loans have been made to individuals to finance water facilities. Some of these loans to individuals were pooled for participation in group services. Sixty-nine loans to groups had also been made during that period. (See Table V for distribution by States.) The total amount of all loan obligations for water facilities through June 30, 1943, was \$3,495,592. Grants to individuals and groups during the period amounted to \$395,334. (See Table VI for distribution by States.) The repayment record on Water Facility loans as of June 30, 1943, is gratifying and indicates the results which can be obtained by providing water and assisting farmers in the proper utilization of this resource. (See Table VII for distribution by States.)

Health Care: An integral part of any food production program must be provision for adequate and effective medical care. The Farm Security Administration has already aided its borrowers and local physicians to establish more than 1,000 county health associations to provide medical care to the families on a prepayment basis. The result has been more adequate doctors' services for all participating families, substantial collections by the doctors on all bills submitted to the association, and most efficient use of doctors' time and energies. More than 100,000 families are now receiving medical care under such a plan.

It is proposed that in loans to be made to most of the families who will receive their first rehabilitation assistance in 1945 a small amount be included to enable them to join existing medical care associations organized by local doctors and FSA. These are in addition to families who will join local associations during the present fiscal year.

Providing for better medical care for families who will be counted on for most of the production increases in the years ahead is as essential a guarantee of those increases as supplying capital resources for farm use. Producing food means hard work and hard work requires good health.

Grants: The use of grants has been restricted to disaster cases and to rural medical and health groups and the amount expended has decreased annually from a high of approximately \$36,000,000 in 1937 to \$1,724,804 in 1943.

It is estimated that the total amount of \$250,000 will be required to alleviate destitution resulting from limited catastrophies and disasters, such as droughts, floods, damage by insects, and assisting rural medical and health groups. In view of the seriousness of the food situation ahead, it is imperative that some funds be available to cope with the most serious conditions which may arise. This estimate, therefore, is based on experience during the fiscal year 1943 and prior years, and depending upon disasters and catastrophies which may occur, additional sums may be required for this purpose.

There are three tables attached which give significant data on grants. Table IX shows the number of grants to individuals by States for the last three fiscal years and cumulative total to June 30, 1943. Table X shows the grant payments by States for the last four fiscal years and cumulative total to June 30, 1943. Table XI shows by States the number of families receiving grants from the inception of the program to June 30, 1943.

Rural Rehabilitation Projects: The progress in liquidation of resettlement projects has in previous years been discussed in connection with the appropriation item "Liquidation and management of resettlement projects." Since no provision is made in the 1945 estimates for funds under this heading, necessary expenses on a reduced scale will be financed from trust fund receipts "Payments in lieu of taxes and for operation and maintenance of resettlement projects" and from "Loans, grants, and rural rehabilitation."

As of October 31, 1943, 5,732 contracts had been signed, leaving only 2,973 units to be sold (see Table XII). In addition, there are 161 units which are being transferred to other agencies and 308 units, some of which are under use permit to the Army, some under lease to the War Relocation Authority and the remainder are of a type not suitable to be sold as farming units. (Table XIII and Table XIV reflect the operating costs and income and project development costs as of June 30, 1943.)

It is estimated that approximately \$81,720 will be required during the fiscal year 1945 to permit the placing of the balance of these units in condition to permit their sale.

Making and Servicing Loans: In the past, FSA county staffs have been advised by a Rural Rehabilitation Committee, a Farm Debt Adjustment and Tenure Improvement Committee, and a Farm Ownership Committee. These three committees, together with three members at large, made up a county FSA advisory council. Henceforth, a single Farm Security Committee of three local farmers will take the place of the three separate committees and the county advisory council.

The new all-purpose committee will continue the functions prescribed by Section 42 of the Bankhead-Jones Act in certifying the eligibility of applicants and the reasonable value of farms in the making of tenant purchase loans, and, in addition, will determine the eligibility of all applicants for other types of loans and otherwise assist in all phases of the FSA program. Also, this committee will each year review the progress and

status of all rural rehabilitation borrowers whose loans have been outstanding for three or more full crop years, and make a determination with respect to each of the following questions:

1. Has the borrower made such progress that he should seek credit for farm operations from other sources?
2. Is it in the interest of the borrower and the Government that additional loans be approved for the borrower?
3. Should rural rehabilitation loans be discontinued and the borrower given a purely loan-servicing status?
4. Should he be considered for a tenant purchase loan under the Bankhead-Jones Act?

The committee will also render assistance to county supervisors and borrowers in carrying out the farm debt adjustment and tenure improvement program, and in general serve in an advisory capacity on all FSA county operations.

The training and experience which these committeemen will receive during the 1944 fiscal year will be invaluable to the operations of the FSA program in 1945. Their efforts should be particularly helpful in adapting the program to the conditions and needs of the local communities.

Very great strides have been made in reducing administrative and servicing costs since the early days of the program. The Resettlement Administration (predecessor of the Farm Security Administration) took over several different activities, the largest of which was the program of rural rehabilitation previously handled by each of the States on an individual basis. It was necessary to coordinate the activities in each State, effect a reorganization of staffs employed by each State, establish policies and plans for a national program and supervise its initiation and operation. In order to accomplish this, the Resettlement Administration employed 3,662 persons in Washington in 1936. Year by year as the organization gained experience and established basic policies and procedures, it was able to decentralize its functions, and it thereby became possible to reduce steadily the number of employees at the national level, so that there are only 510 at the present time. (About 180 of these are stationed in Washington and the balance are in Cincinnati, Ohio.) It is contemplated that during the fiscal year 1945 this will be reduced to 431.

The initial decentralization of functions was from the national office to the regional offices. However, as our county, district and State staff became more experienced, it was possible to further decentralize by transferring many of the regional office functions down to the county offices. This has resulted in the elimination of almost all detailed functions other than administrative servicing and record keeping details from the regional offices and the national offices and concentration of this work at the county level. Through this process, the national office, as indicated above, has been reduced to approximately 510 employees and

the regional offices from 4,740 man-years in 1942 to 2,150 in 1944, a reduction of 55 percent. It is contemplated that during the fiscal year 1945 this number will be further reduced to 1,990. It is significant to note that of 510 employees now in the departmental offices, approximately 340, or 67 percent, are engaged in the essential functions of maintaining the finance records, reports and files; handling the mail; purchasing supplies, maintaining employment, separation, and leave records of personnel; and carrying out other similar "housekeeping" functions. There are at the present time approximately 1,992 employees in the regional offices and of these, 1,300, or 65 percent, are engaged in the "housekeeping" functions. In other words, there are only 170 employees at the national level and approximately 692 in our 13 regional offices who are available for essential administrative and policy forming work.

During the first year of the Resettlement Administration, there were approximately 18,000 persons employed at the regional, State, district, and county levels. Most of these were employees taken over from the State RR Corporations. Compared to that total, today there are only 10,184 full-year employees supervising, servicing, and administering a program which is much larger than the job being handled during the first year of operation. Admittedly, much of this reduction was forced through reductions in annual appropriations for loans, grants, and operating expenses. However, part of this reduction was the direct result of economies effected through steps taken to improve and simplify the operating organization.

Some recent steps in the direction of economy and efficiency include:

- (1) The combining of 12 finance regional offices into four area offices;
- (2) decentralizing more and more authority to the county levels, thus permitting greater flexibility of operations;
- (3) the decentralization from regional to county levels of statistical records, the maintenance of which could be absorbed at the lower level at a reduced cost; and
- (4) elimination of virtually all technical farm specialists above the county level. These changes have resulted in a reduction of 46 percent in the personnel of the regional offices in less than a year without increasing the cost at other levels. Further reductions contemplated during the fiscal year 1945 will increase the percent of reduction to about 58 percent as compared to the fiscal year 1942.

Following the elimination of technical farm specialists above the county level, a significant change in policy in the manner of operation in the field offices was required. Under the previous type of organization, there were rural rehabilitation supervisors and home management supervisors and sometimes other specialists at the county levels. After the elimination of specialists above the county level, all activities and phases of farm management, home management, health and medical care, tenure improvement, farm debt adjustment, making and supervising of rural rehabilitation and tenant purchase loans, except for the appraisal of farms and engineering assistance in connection with acquisition of tenant purchase farms, were assumed by FSA supervisors at the county level.

The effect of the improvements in operating organization and efficiency during the fiscal year 1943 is substantiated to some extent by the fact that Farm Security Administration was able to realize an estimated saving of over \$2,100,000.

The following table reflects a comparison of the number of man-years at each organizational level for all appropriations.

MAN-YEARS--REGULAR SALARIED FULL-TIME EMPLOYEES

	: Actual	: Actual	: Estimated	: Estimated
	: Fiscal	: Fiscal	: Fiscal	: Fiscal
	: Year	: Year	: Year	: Year
	: 1942	: 1943	: 1944	: 1945
National	: 938	: 757	: 512	: 481
Regional	: 4,740	: 3,753	: 2,150	: 1,990
State	: 348	: 214	: 175	: 138
District	: 1,073	: 969	: 874	: 850
County and Project	: 11,946	: 9,169	: 7,465	: 6,055
Total	: 19,045	: 14,862	: 11,176	: 9,514

In order to assure an even distribution of work among the county offices and a fair distribution of personnel among the States and agricultural areas within the States, a method was adopted whereby the various types of cases, including tenant purchase and water facilities, were given a comparative weight to determine the work load in each county. This work load, plus other influencing factors such as size of the area, type of terrain being traveled, etc., is used in reaching a determination as to the required size of each county office staff. During 1943 the average size of the work load per supervisor, including associates and assistants, was 135. In 1944 the work load increased to 169 per supervisor; and based on our estimate for 1945, the work load would be increased to 198. Shifts in the size of the case load per supervisor have a direct bearing on the desired increase in food production. In other words, the higher the case load per supervisor the less time he has to devote to each case; consequently, minimizing the possibilities for improvement of the agricultural techniques of these farmers.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table I- Status and Progress of Active Standard Borrowers $\frac{1}{2}$

State (1)	1941 Net Worth (2)	Average Net Worth			Percent (5)
		1942 Dollars (3)	Increase over 1941 Dollars (4)		
U. S. TOTAL	1,212	2,008	766		62
Alabama	188	535	347		185
Arizona	3,405	4,293	988		29
Arkansas	709	1,156	447		63
California	3,247	4,409	1,162		36
Colorado	1,194	2,347	1,153		97
Connecticut	3,163	4,555	1,392		44
Delaware	1,131	2,506	1,375		122
Florida	885	1,351	466		53
Georgia	438	845	408		93
Idaho	3,525	4,627	1,102		31
Illinois	1,445	2,603	1,158		80
Indiana	1,421	2,523	1,102		78
Iowa	1,877	3,473	1,586		84
Kansas	903	1,951	1,048		116
Kentucky	1,942	2,283	341		18
Louisiana	626	925	299		48
Maine	1,430	2,594	1,164		109
Maryland	1,372	1,859	487		35
Massachusetts	1,811	2,913	1,102		61
Michigan	2,073	3,282	1,209		58
Minnesota	2,069	2,822	823		40
Mississippi	567	993	426		75
Missouri	1,080	2,004	914		84
Montana	2,253	3,822	1,609		71
Nebraska	834	1,913	1,079		129
Nevada	4,642	6,224	1,582		34
New Hampshire	1,827	2,327	500		27
New Jersey	1,530	2,856	1,326		87
New Mexico	1,811	2,569	758		42
New York	2,113	3,179	1,066		50
North Carolina	1,201	1,648	447		37
North Dakota	1,105	2,077	972		88
Ohio	1,458	2,636	1,178		81
Oklahoma	1,297	2,125	828		64
Oregon	3,595	4,609	1,014		28
Pennsylvania	1,934	2,859	965		50
Rhode Island	1,629	2,338	709		44
South Carolina	455	805	350		77
South Dakota	882	2,114	1,228		139
Tennessee	1,826	2,286	460		25
Texas	1,514	2,331	817		54
Utah	3,610	5,167	1,577		36
Vermont	2,727	3,401	674		25
Virginia	1,607	2,065	458		29
Washington	2,522	4,073	1,551		62
West Virginia	2,042	2,246	204		10
Wisconsin	1,853	3,105	1,252		68
Wyoming	2,646	4,554	1,908		72

Table II Rural Rehabilitation Loans by States and by Fiscal Year 1/

State and Territory (1)	1976 and (2)	1977 (3)	1978 (4)	1979 (5)	1980 (6)	1981 (7)	1982 (8)	1983 (9)	Cumulative as of June 30, 1983 (9)
U. S. Total	\$151,453,525	\$70,151,635	\$119,007,901	\$71,751,747	\$117,927,525	\$124,939,192	\$97,255,090	\$778,522,696	
Alabama	5,779,046	2,766,059	7,774,626	4,436,111	9,137,920	5,637,299	5,230,458	39,618,539	
Alaska	802,633	350,734	159,119	502,134	502,134	480,815	234,315	3,255,867	
Arizona	5,943,716	3,063,610	6,994,466	5,627,953	5,627,953	5,120,675	5,210,767	36,089,274	
Arkansas	3,644,950	1,397,135	1,710,519	1,229,088	2,038,100	1,604,030	1,313,162	13,357,011	
California	5,080,247	2,617,026	3,578,535	2,734,678	2,330,876	4,537,794	2,253,230	23,322,586	
Colorado	289,187	71,652	107,432	147,526	115,598	157,408	92,776	1,001,579	
Connecticut	2,478,771	1,359,046	1,776,133	935,871	1,787,111	2,620,065	1,297,617	35,656,998	
Delaware	2,069,942	1,253,187	2,318,105	2,174,140	5,878,153	2,119,420	1,977,611	35,164,744	
District of Columbia	3,136,819	1,451,028	2,729,764	1,979,773	2,198,619	1,517,934	2,218,110	15,271,537	
Florida	2,277,792	1,563,967	2,380,644	1,650,143	2,675,548	1,347,195	1,096,612	13,020,631	
Georgia	2,916,271	1,726,271	3,132,017	1,870,182	2,675,548	1,849,768	2,906,268	16,946,612	
Hawaii	2,509,069	3,232,356	3,232,356	3,232,356	3,232,356	3,232,356	2,623,105	23,834,369	
Idaho	2,133,331	742,116	1,063,181	1,978,998	2,111,070	1,751,790	1,433,981	11,211,767	
Illinois	4,218,739	2,667,167	3,759,446	2,545,692	4,841,916	5,651,263	3,819,996	27,504,519	
Indiana	1,167,719	1,167,719	1,167,719	1,167,719	1,167,719	1,167,719	825,057	11,116,523	
Iowa	2,025,544	1,302,234	2,025,544	1,302,234	3,681,214	513,541	508,932	2,388,100	
Kansas	358,112	77,851	203,589	188,686	188,686	207,348	114,176	1,328,943	
Kentucky	2,646,695	974,409	1,638,335	2,094,003	2,487,657	2,450,694	1,023,081	13,515,154	
Louisiana	4,505,112	1,480,924	2,362,548	2,353,174	3,493,366	4,117,573	2,342,976	20,988,723	
Maine	5,217,254	3,677,362	5,797,263	4,730,487	7,372,263	4,160,368	5,075,672	38,080,670	
Maryland	3,335,905	2,335,905	4,665,795	3,311,043	5,311,043	3,747,952	3,067,274	28,939,065	
Massachusetts	2,851,942	2,851,942	4,423,230	2,959,201	1,877,546	3,635,709	1,639,956	19,433,072	
Michigan	5,806,256	2,736,047	3,711,772	2,613,632	2,497,631	2,697,530	2,116,878	22,472,446	
Minnesota	3,111,932	131,321	164,333	69,781	139,530	393,518	82,329	1,343,144	
Mississippi	556,594	182,539	273,685	324,320	440,533	134,094	1,195,849	2,195,849	
Missouri	706,499	294,576	273,071	432,032	432,032	407,844	289,679	2,679,843	
Montana	2,369,110	484,061	519,462	584,352	875,933	1,213,845	1,157,552	7,218,595	
Nebraska	1,631,906	783,347	1,327,317	2,051,862	1,279,784	1,634,591	1,289,647	10,228,254	
Nevada	3,950,993	2,461,708	3,049,143	2,856,245	3,839,286	4,887,245	4,099,091	24,693,981	
New Hampshire	4,422,157	1,646,922	3,049,143	1,546,411	1,546,411	1,546,411	1,546,411	15,620,977	
New Jersey	2,658,536	2,121,409	2,792,444	1,546,411	2,792,444	2,792,444	1,546,411	17,300,931	
New Mexico	6,753,575	2,824,411	4,165,164	5,638,937	6,062,459	2,851,118	6,176,370	38,782,064	
New York	1,157,867	1,219,689	1,467,916	1,173,200	1,173,200	1,718,574	976,684	9,137,733	
North Carolina	1,586,293	351,965	793,770	1,437,212	1,073,384	1,622,605	1,456,533	8,322,762	
North Dakota	1,131,124	28,177	33,173	43,231	31,177	31,177	10,773	355,108	
Ohio	4,012,132	1,600,637	3,403,373	2,277,043	2,793,326	3,140,973	2,670,152	18,662,236	
Oklahoma	2,738,046	2,675,144	2,798,939	3,116,570	1,669,766	1,406,211	2,164,718	24,231,397	
Oregon	2,244,123	660,537	1,272,047	1,531,590	1,539,436	1,663,593	1,299,034	10,250,660	
Pennsylvania	14,071,733	4,958,614	8,410,154	8,503,354	9,344,208	12,639,502	10,591,622	68,519,387	
Rhode Island	2,700,666	1,057,107	1,179,047	860,633	935,170	1,026,583	593,870	6,321,221	
South Carolina	98,135	98,135	245,234	224,940	136,669	108,704	2,104,537	2,104,537	
South Dakota	2,210,571	608,922	808,760	1,169,160	1,313,894	1,313,894	991,595	8,659,752	
Tennessee	2,446,662	1,502,951	1,806,204	1,422,775	1,777,253	2,069,151	1,340,179	12,165,085	
Texas	3,153,878	587,937	1,467,412	1,164,700	681,416	682,573	522,561	8,407,557	
Utah	1,039,449	1,265,507	2,357,713	2,017,375	3,070,059	1,780,934	1,780,934	17,200,569	
Vermont	2,059,234	1,544,131	3,111,118	2,262,271	1,973,425	2,613,462	1,305,477	15,559,068	
Virginia	0	0	0	201,000	0	6,000	36,210	246,210	
Washington	0	1,100	32,240	3,270	102,002	53,195	66,936	299,733	
West Virginia	0	0	0	21,790	135,285	783,602	1,091,029	2,036,706	
Wisconsin	0	0	0	33,557	10,370	11,532	18,192	91,275	
Wyoming	0	0	0	15,574	10,370	11,532	18,192	91,275	

1/ Includes Rehabilitation Loans Obligations to all individuals and groups. Corporation Trust Funds and Tenant Purchase Loans are not included.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table III Rural Rehabilitation Loans and Collections by Fiscal Years 1/

Fiscal Year (1)	Loan Obligations (2)	Collections		Total (5)
		Principal (3)	Interest (4)	
1936	\$ 76,962,281	\$ 991,875	\$ 9,939	\$ 1,001,814
1937	74,501,314	22,089,409	923,128	23,012,537
1938	70,191,639	26,117,504	1,221,805	27,339,309
1939	119,007,901	33,209,930	736,731	33,946,661
1940	97,757,747	47,335,631	7,622,735	54,958,366
1941	117,927,525	51,220,014	11,155,901	62,375,915
1942	124,919,199	81,403,546	13,460,341	94,863,887
1943	97,255,090	114,765,976	13,954,800	128,720,776
Total	\$778,522,696	\$377,133,885	\$49,085,380	\$426,219,265

1/ Includes all Rural Rehabilitation Loans to individuals and groups; does not include Corporation Trust funds.

Table 14. Rural Rehabilitation Loans, Maturities, and Collections Cumulative through June 30, 1943

State and Territory (1)	Loan Obligations (2)	Matured Principal (3)	Principal Repayments (4)	Interest Payments (5)	Total Payments (6)	Ratio of total repayments to total loans (7)	Ratio of Principal repayments to matured principal (8)
U. S. Total	\$ 778,522,696	\$ 104,327,655	\$ 377,133,895	\$ 49,085,380	\$ 426,219,265	54.7%	93.3%
Alabama	39,818,579	17,652,093	15,105,314	2,219,672	17,324,986	43.5	85.6
Arizona	3,255,867	1,812,474	1,711,714	234,275	1,945,987	59.8	94.4
Arkansas	38,089,274	21,310,269	18,777,351	2,109,202	20,886,553	54.9	88.1
California	13,557,014	9,353,916	7,486,103	965,897	8,451,996	63.3	80.2
Colorado	23,322,586	11,192,923	10,654,637	1,568,184	12,222,821	52.4	95.2
Connecticut	1,001,579	746,587	684,138	64,790	748,928	74.8	91.6
Delaware	356,998	120,486	127,654	19,443	147,097	41.2	105.9
Florida	12,282,844	6,269,146	3,632,313	575,100	4,207,413	34.3	57.9
Georgia	35,164,742	15,104,299	13,267,568	1,984,655	15,252,183	43.3	87.8
Iaho	13,709,998	7,556,046	7,244,732	934,579	8,179,311	59.7	95.9
Illinois	15,271,537	7,721,527	8,020,399	1,170,023	9,190,422	60.2	103.9
Indiana	13,020,631	6,934,373	7,161,493	953,654	8,115,147	62.3	103.3
Iowa	16,946,612	7,340,632	9,294,318	1,200,769	10,495,087	61.9	126.6
Kansas	23,634,369	13,054,378	12,348,086	1,881,422	14,229,508	59.7	94.6
Kentucky	11,244,767	6,855,682	6,647,911	789,526	7,437,437	66.3	97.0
Louisiana	27,504,519	16,618,704	13,240,576	1,305,186	14,545,762	52.9	79.7
Maine	11,116,523	7,530,668	6,115,851	630,855	6,746,706	60.7	81.2
Maryland	2,308,100	809,050	915,444	99,307	1,014,751	44.0	113.2
Massachusetts	1,328,943	912,768	825,656	85,822	911,478	68.6	90.5
Michigan	13,515,154	6,610,597	7,020,778	975,134	7,995,912	59.2	106.2
Minnesota	20,988,723	9,631,800	10,260,919	1,496,437	11,757,356	56.0	106.5
Mississippi	38,050,670	21,292,627	18,368,275	2,017,582	20,385,857	53.6	86.3
Missouri	28,939,065	12,850,520	14,770,387	2,084,304	16,854,691	58.2	114.9
Montana	19,433,072	8,567,075	8,448,642	1,270,713	9,719,355	50.0	98.6
Nebraska	22,472,446	12,347,267	10,668,670	1,898,572	12,567,242	56.0	86.6
Nevada	1,343,144	783,732	744,330	98,279	842,609	62.8	95.0
New Hampshire	2,195,949	977,434	938,574	157,036	1,095,610	49.9	96.0
New Jersey	2,679,843	1,253,170	1,096,869	156,724	1,253,593	46.8	87.5
New Mexico	7,218,995	3,913,133	3,568,722	433,587	4,002,309	55.4	91.2
New York	10,226,254	4,333,972	4,022,229	629,451	4,651,680	45.5	92.8
North Carolina	24,893,981	15,308,125	13,722,729	1,064,989	14,787,718	59.4	89.6
North Dakota	15,623,977	7,991,909	7,386,588	1,354,302	8,740,890	55.9	92.4
Ohio	14,390,971	7,175,263	6,842,244	1,012,883	7,855,127	54.6	95.4
Oklahoma	38,782,064	21,437,560	21,369,987	2,520,572	23,890,559	61.6	99.7
Oregon	9,137,733	5,585,352	5,415,282	630,808	6,046,090	66.4	97.3
Pennsylvania	8,322,762	2,365,257	2,645,825	399,590	3,045,415	36.6	111.9
Rhode Island	355,108	136,060	161,108	24,957	186,065	52.4	86.6
South Carolina	18,666,236	8,590,323	6,866,968	1,059,290	7,926,258	42.7	79.9
South Dakota	24,291,797	9,054,186	9,419,780	1,826,895	11,246,675	46.3	104.0
Tennessee	10,250,660	6,188,939	5,989,891	564,932	6,554,823	63.9	96.8
Texas	68,519,387	40,124,446	36,389,283	3,361,602	39,750,885	58.0	90.7
Utah	8,521,291	4,828,320	4,632,179	724,209	5,356,388	64.5	95.9
Vermont	2,404,537	1,057,311	1,235,619	150,152	1,385,771	57.6	116.9
Virginia	8,699,752	5,583,047	4,769,053	535,831	5,304,884	61.3	85.4
Washington	12,165,085	7,667,807	6,828,325	787,374	7,615,699	62.6	89.1
West Virginia	8,407,557	3,642,805	3,080,504	629,456	3,709,960	44.4	84.6
Wisconsin	17,200,569	8,397,786	9,457,273	1,213,282	10,670,555	62.0	113.8
Wyoming	15,599,068	7,342,867	7,159,573	1,119,729	8,279,302	53.3	97.5
Alaska	246,210	3,008	2,633	13,758	16,391	6.7	87.5
Hawaii	299,733	121,703	121,694	13,498	135,192	45.1	99.9
Puerto Rico	2,036,706	303,384	409,490	14,639	424,129	20.8	135.0
Virgin Islands	91,275	24,809	18,224	4,178	22,402	24.5	73.5

✓ All Rural Rehabilitation Loans to Individuals and Groups, not Including Loans From Corporation Trust Funds.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table V Number of Water Facilities Loans Cumulative as of June 30, 1943

State (1)	Number of loans to individuals <u>1/</u> (2)	Number of groups receiving loans (3)	State (1)	Number of loans to individuals <u>1/</u> (2)	Number of groups receiving loans (3)
<u>U. S. TOTAL</u>	<u>5,829</u>	<u>69</u>			
Arizona	83	3	Oklahoma	656	0
California	196	3	Oregon	304	4
Colorado	192	14	South Dakota	218	0
Idaho	432	17	Texas	1,566	0
Kansas	261	0	Utah	390	9
Montana	123	2	Washington	233	1
Nebraska	258	0	Wyoming	548	5
Nevada	34	1			
New Mexico	198	7			
North Dakota	137	3			

1/ Some of these loans to individuals were pooled for participation in group services. 302 loans under the appropriation for "Water Facilities in arid and semiarid areas" are included.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table VI, Water Facilities Loans and Grants Obligated Cumulative as of June 30, 1943

State (1)	Loans 1/ (2)	Grants 2/ (3)	State (1)	Loans 1/ (2)	Grants 2/ (3)
<u>U. S. TOTAL</u>	<u>\$3,495,592</u>	<u>\$395,334</u>			
Arizona	155,457	4,607	Oklahoma	185,500	22,456
California	220,233	2,855	Oregon	247,321	1,184
Colorado	216,900	35,524	South Dakota	59,919	-0-
Idaho	447,961	33,953	Texas	624,644	42,446
Kansas	80,471	3,692	Utah	368,210	22,640
Montana	106,905	4,815	Washington	167,527	3,878
Nebraska	136,990	2,337	Wyoming	307,162	72,868
Nevada	26,760	13,886			
New Mexico	95,228	127,463			
North Dakota	48,404	730			

1/ Includes obligations of \$325,665 "Water facilities in arid and semi-arid areas."

2/ Includes obligations of \$49,285 "Water facilities in arid and semi-arid areas."

Table VII Water Facility Loans, Maturities and Collections
Cumulative as of June 30, 1943 1/

State (1)	Cumulative Loan Advances 2/ (2)	Cumulative Matured Principal (3)	Cumulative Repayments on Principal (4)	Cumulative Interest Payments (5)	Ratio of Principal Repayments to Matured Principal (6)
U. S. Total	\$2,808,288	\$762,387	\$748,928	\$59,167	98.2
Arizona	68,293	18,401	17,148	953	93.2
California	173,393	44,916	43,114	3,126	96.0
Colorado	172,103	38,445	36,932	4,090	96.1
Idaho	388,066	50,839	47,113	5,788	92.7
Kansas	75,354	31,700	30,314	1,839	95.6
Montana	87,901	11,453	11,079	1,639	96.7
Nebraska	120,166	42,170	39,541	2,526	93.8
Nevada	23,196	5,689	4,923	275	86.5
New Mexico	77,908	31,110	33,844	2,372	108.8
North Dakota	36,581	16,272	16,700	616	102.6
Oklahoma	169,225	61,155	66,476	5,189	108.7
Oregon	221,127	51,590	43,419	4,562	84.2
South Dakota	45,871	7,321	12,340	247	168.6
Texas	486,607	193,899	203,449	14,738	104.9
Utah	214,828	35,333	33,403	2,458	94.5
Washington	139,536	43,039	31,230	2,884	72.6
Wyoming	308,133	79,055	77,903	5,865	98.5

1/ Water Facility loans to individuals and associations. These figures are included in table on Rural Rehabilitation loans, maturities and collections as of June 30, 1943.

2/ Does not include unliquidated obligations.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table VIII
Rural Rehabilitation Loans to Individuals 1/

State and Territory	Fiscal Year 1941			Fiscal Year 1942			Fiscal Year 1943			Cumulative since inception as of June 30, 1943		
	Original loans		Supplemental loans	Original loans		Supplemental loans	Original loans		Supplemental loans	Original loans		Supplemental loans
	Number	Amount		Number	Amount		Number	Amount		Number	Amount	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
U. S. TOTAL	95,737	263,753	82,165	288,195	51,015	703	198,705	284	949,552	412	1,717,488	202
Alabama	6,393	10,044	2,802	26,849	917	540	18,720	238	52,673	266	157,568	152
Arizona	164	539	192	623	95	1,093	116	632	2,625	591	3,166	435
Arkansas	5,609	15,891	4,099	21,066	2,939	602	18,665	844	64,328	269	139,482	123
California	840	1,881	1,016	1,791	669	1,100	862	184	9,211	849	12,348	427
Colorado	679	3,790	2,078	5,655	846	1,028	2,592	445	24,275	136	33,074	341
Connecticut	12	92	68	100	30	1,411	54	940	516	909	562	899
Delaware	49	48	93	90	34	996	73	401	354	337	354	337
Florida	969	6,333	884	5,405	756	445	3,812	227	14,144	293	31,814	186
Georgia	3,891	29,436	3,875	19,196	1,116	898	16,297	227	43,313	367	122,506	152
Idaho	945	2,646	1,232	2,459	699	1,091	1,533	468	8,691	918	13,607	399
Illinois	1,371	1,744	976	3,110	1,000	1,039	2,599	375	15,507	627	16,511	372
Indiana	1,395	1,484	827	2,894	1,480	1,381	1,969	513	11,353	623	11,742	284
Iowa	1,326	2,022	713	3,521	1,351	1,281	1,969	513	18,228	692	15,792	294
Kansas	1,644	8,251	2,874	8,289	1,697	717	4,000	244	31,878	402	59,149	195
Kentucky	7,525	5,536	2,945	4,099	1,682	375	3,231	244	33,647	214	22,734	177
Louisiana	5,027	10,885	2,957	18,928	946	517	13,204	248	34,371	282	77,639	206
Maine	232	1,793	487	1,579	146	880	925	728	44,761	653	12,584	634
Maryland	217	1,723	426	1,471	246	917	1,091	515	1,991	719	1,978	426
Massachusetts	16	110	262	155	65	841	118	598	1,889	612	895	581
Michigan	1,890	1,721	2,057	2,325	564	931	1,042	165	14,465	699	9,001	372
Minnesota	2,017	1,675	3,073	2,621	1,174	1,196	1,348	168	20,511	810	13,279	299
Mississippi	6,238	17,432	2,327	25,098	1,936	1,677	18,068	229	53,712	419	133,941	159
Missouri	3,607	3,804	3,775	8,098	1,497	793	5,299	336	41,437	419	48,899	178
Montana	726	1,798	1,831	3,400	817	948	2,119	447	12,586	740	18,193	445
Nebraska	1,549	8,566	3,634	8,401	595	782	1,664	248	26,099	458	54,363	144
Nevada	68	150	63	150	31	1,116	55	843	744	937	824	452
New Hampshire	29	226	229	315	57	1,176	178	696	1,779	625	1,971	497
New Jersey	70	383	284	375	182	941	522	734	1,651	769	1,962	517
New Mexico	523	1,758	1,057	2,836	784	1,595	1,546	534	12,599	236	14,456	224
New York	433	1,118	1,076	1,833	453	1,237	1,190	535	7,628	850	9,058	439
North Carolina	3,721	9,065	2,746	10,698	2,533	1,693	10,536	291	32,367	308	55,681	237
North Dakota	1,064	2,873	2,618	2,618	722	714	2,533	249	37,095	234	42,657	153
Ohio	2,263	1,513	3,230	679	679	966	1,552	390	16,161	579	15,409	261
Oklahoma	4,039	11,693	3,282	18,938	3,837	778	11,340	274	44,434	1,555	106,967	172
Oregon	1,666	1,213	1,291	1,469	514	974	810	166	6,909	829	8,117	393
Pennsylvania	609	1,117	1,203	1,552	794	1,108	1,089	160	2,540	824	15,514	343
Rhode Island	4	19	54	29	14	1,364	38	560	297	763	218	589
South Carolina	3,020	15,182	1,369	11,201	838	586	9,667	214	21,457	300	66,586	171
South Dakota	1,473	3,471	3,049	5,769	1,469	980	2,141	430	41,030	362	52,262	175
Tennessee	3,036	6,069	1,366	6,224	817	445	4,458	287	19,872	213	32,433	124
Texas	4,553	23,048	4,716	31,598	6,401	614	19,894	399	75,262	372	205,107	185
Utah	237	380	380	1,201	117	1,436	698	507	8,324	525	13,557	279
Vermont	100	371	229	1,376	135	1,568	518	248	1,610	974	2,425	384
Virginia	1,995	4,006	936	2,706	507	1,431	3,004	261	13,886	532	20,161	181
Washington	589	1,117	1,452	1,177	663	1,235	702	786	8,384	367	6,976	669
West Virginia	1,306	1,657	947	1,365	516	435	1,027	290	10,869	365	7,806	226
Wisconsin	1,410	1,533	2,031	1,456	780	1,365	1,365	192	17,535	705	12,850	301
Wyoming	492	2,117	943	3,413	1,62	1,325	1,798	605	7,631	1,031	16,865	446
Alaska	0	0	3	0	18	2,012	0	0	21	20	0	0
Alaska	99	77	53	29	54	1,030	16	704	229	853	143	731
Puerto Rico	166	0	3,386	791	5,437	124	2,475	160	8,989	153	3,298	191
Virgin Islands	39	169	25	66	8	136	79	104	432	126	328	69

1/ Standard and non-standard loans to individuals. Loans from state rural rehabilitation corporation trust funds not included.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table VIII
Rural Rehabilitation Loans to Individuals 1/

State and Territory	Fiscal Year 1941			Fiscal Year 1942			Fiscal Year 1943			Cumulative since inception as of June 30, 1943									
	Original loans		Supplemental loans	Original loans		Supplemental loans	Original loans		Supplemental loans	Original loans		Supplemental loans							
	Number	(2)	(3)	Number	(4)	(5)	Number	(6)	(7)	Number	(8)	(9)	Number	(10)	(11)	Number	(12)	Average amount	(13)
U. S. TOTAL	89,737	263,753	82,165	288,195	51,015	703	196,705	284	242,532	412	1,717,168	202							
Alabama	6,393	14,044	2,402	26,849	917	540	18,720	238	52,673	266	157,568	152							
Arizona	164	539	192	623	95	1,993	116	632	2,655	591	3,166	435							
Arkansas	5,609	15,591	4,099	21,066	2,939	602	18,695	184	64,328	269	135,482	123							
California	1,881	840	1,016	1,791	669	1,100	862	644	9,211	849	12,348	427							
Colorado	679	3,790	2,076	5,695	846	1,028	2,592	445	24,275	436	33,074	341							
Connecticut	12	92	68	100	30	1,411	54	940	546	909	562	899							
Delaware	49	148	34	90	34	1,076	73	401	368	656	354	337							
Florida	695	6,332	984	5,462	752	868	16,297	227	11,744	347	31,614	152							
Georgia	3,801	29,438	3,875	19,136	1,116	1,168	16,297	227	48,313	392	122,906	152							
Idaho	945	2,648	1,232	2,439	699	1,091	1,333	468	6,691	916	13,607	399							
Illinois	1,371	1,744	976	3,140	1,000	1,099	2,599	375	15,507	627	16,511	272							
Indiana	1,395	1,449	827	2,484	1,480	1,046	1,313	431	13,253	623	11,673	284							
Iowa	1,326	2,022	733	3,521	1,351	1,381	1,999	513	16,228	625	15,596	294							
Kansas	1,644	8,251	2,674	8,169	1,667	717	4,000	343	31,878	405	54,119	195							
Kentucky	7,525	5,536	2,945	4,099	1,682	375	3,291	244	33,647	214	22,734	177							
Louisiana	5,027	10,885	2,957	18,928	946	517	13,204	248	34,371	282	77,639	206							
Maine	232	1,793	487	1,579	116	880	925	728	44,761	653	12,584	634							
Maryland	217	474	426	1,074	246	917	491	515	1,991	712	1,978	426							
Massachusetts	16	110	262	155	65	841	1,148	598	1,889	612	295	581							
Michigan	1,890	1,731	2,057	2,325	564	931	1,042	465	11,465	699	9,001	372							
Minnesota	2,017	1,675	3,073	2,621	1,174	1,196	1,348	468	20,511	810	13,279	299							
Mississippi	6,298	17,432	2,327	25,098	1,936	467	18,068	228	53,712	278	133,911	159							
Missouri	3,607	3,804	3,775	8,098	1,487	793	5,299	336	12,437	419	48,699	178							
Montana	1,798	1,798	1,631	3,600	817	948	2,113	447	12,586	740	18,193	405							
Nebraska	1,349	8,986	3,634	8,604	595	782	1,664	248	26,699	488	54,365	144							
Nevada	68	150	63	150	31	1,116	55	843	744	937	824	452							
New Hampshire	59	276	229	375	57	1,176	178	626	1,779	965	1,971	497							
New Jersey	70	383	281	338	102	941	222	734	1,651	789	1,982	517							
New Mexico	529	1,758	1,057	2,856	754	595	1,540	354	12,520	286	14,454	224							
New York	433	1,118	1,076	1,833	453	1,237	1,130	535	7,026	850	3,058	439							
North Carolina	3,721	9,065	2,746	10,698	2,533	403	10,526	291	32,367	308	55,484	237							
North Dakota	1,064	1,856	2,873	2,618	722	715	2,533	219	37,085	234	12,657	153							
Ohio	2,863	2,863	1,129	3,230	679	966	1,552	390	16,164	579	15,369	261							
Oklahoma	4,039	14,893	3,282	18,938	3,937	778	11,340	274	14,134	455	106,367	172							
Oregon	1,466	1,213	1,291	1,469	511	974	610	466	6,909	829	8,117	393							
Pennsylvania	609	1,117	1,203	1,552	794	1,108	1,029	460	2,540	824	15,514	343							
Rhode Island	4	19	54	29	14	1,364	36	287	21,457	300	66,526	171							
South Carolina	3,026	15,182	1,369	11,201	828	586	9,667	214	21,457	300	66,526	171							
South Dakota	1,473	3,049	1,049	3,609	1,469	980	2,114	430	11,030	362	52,282	175							
Tennessee	3,036	6,069	1,386	6,281	817	445	19,672	207	19,672	213	32,433	121							
Texas	4,553	23,048	4,716	31,598	6,401	614	19,894	309	75,262	372	205,107	185							
Utah	534	2,317	380	1,911	117	1,066	658	507	8,321	525	13,557	239							
Vermont	100	371	229	576	125	1,528	321	548	1,610	971	2,125	396							
Virginia	1,905	4,006	936	2,706	507	411	3,001	261	13,886	332	20,161	181							
Washington	589	1,117	1,452	1,177	609	1,215	702	786	8,384	867	6,976	669							
West Virginia	1,206	1,657	947	1,265	516	435	1,027	290	10,869	366	7,806	226							
Wisconsin	1,492	1,533	2,031	1,436	780	1,345	1,263	492	17,535	745	12,850	301							
Wyoming		2,117	943	3,443	1,62	1,325	1,798	605	7,631	1,031	16,865	446							
Alaska		0	3	0	18	2,012	0	0	0	0	21	0							
Hawaii	59	77	53	29	54	1,030	16	704	229	853	143	731							
Puerto Rico	166	0	3,328	791	5,457	154	2,475	160	8,989	153	3,298	191							
Virgin Islands	39	169	25	66	8	136	79	104	432	126	328	49							

Standard and non-standard loans to individuals. Loans from state rural rehabilitation corporation trust funds not included.

1/ Standard and non-standard loans to individuals. Loans from state rural rehabilitation corporation trust funds not included.

Table K Number of Grants to Individuals by States

State and territory (1)	1941 Fiscal Year		1942 Fiscal Year		1943 Fiscal Year		Cumulative through June 30, 1943	
	Number (2)		Number (3)		Number (4)		Number (5)	
U. S. TOTAL	471,302		299,761		14,596		6,908,724	
Alabama	41,130		13,919		97		191,942	
Arizona	22,921		12,903		152		66,835	
Arkansas	6,212		16,360		569		126,313	
California	34,178		41,630		527		243,960	
Colorado	16,988		4,693		58		138,793	
Connecticut	16		8		1		413	
Delaware	111		53		24		725	
Florida	2,456		1,963		49		75,673	
Georgia	14,887		22,118		519		140,972	
Idaho	6,431		2,905		27		32,211	
Illinois	6,677		3,507		408		81,532	
Indiana	2,319		1,000		88		14,966	
Iowa	1,779		907		25		42,656	
Kansas	19,539		2,120		10		455,699	
Kentucky	3,175		2,779		109		123,989	
Louisiana	7,990		10,866		19		43,708	
Maine	1,996		1,493		65		7,131	
Maryland	1,350		793		248		4,402	
Massachusetts	117		55		5		1,164	
Michigan	4,589		3,629		93		39,290	
Minnesota	11,395		6,006		100		158,256	
Mississippi	12,841		11,111		914		127,261	
Missouri	19,871		11,167		374		398,500	
Montana	20,333		5,336		6		266,345	
Nebraska	38,533		3,655		43		472,240	
Nevada	154		68		0		704	
New Hampshire	379		242		5		1,891	
New Jersey	517		227		68		4,552	
New Mexico	11,802		6,068		569		93,781	
New York	2,776		1,741		219		17,472	
North Carolina	4,934		4,828		588		46,724	
North Dakota	10,908		712		9		1,007,109	
Ohio	4,212		2,025		29		44,338	
Oklahoma	11,134		5,203		134		370,674	
Oregon	4,170		6,460		78		27,883	
Pennsylvania	4,261		2,890		93		15,814	
Rhode Island	42		14		1		747	
South Carolina	8,941		49,242		60		113,546	
South Dakota	57,292		3,174		11		1,262,856	
Tennessee	1,548		1,237		37		23,635	
Texas	22,665		15,279		114		235,008	
Utah	2,757		1,265		8		25,869	
Vermont	248		1,228		29		2,206	
Virginia	1,820		1,235		82		9,045	
Washington	6,049		4,253		68		56,294	
West Virginia	1,453		589		21		22,183	
Wisconsin	10,020		4,448		123		210,123	
Wyoming	4,965		1,502		20		46,865	
Hawaii	2		1		1		4	
Puerto Rico	0		5,714		7,581		13,295	
Virgin Islands	419		160		98		934	

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table X Rural Rehabilitation Grant Payments 1/

State and territory (1)	Fiscal Year 1940 (2)	Fiscal Year 1941 (3)	Fiscal Year 1942 (4)	Fiscal Year 1943 (5)	Cumulative from inception through June 30, 1943 (6)
U. S. TOTAL	\$24,119,716	\$17,344,463	\$13,218,780	\$11,724,804	\$152,555,662
Alabama	2,607,325	1,998,216	709,565	6,077	6,267,163
Arizona	845,718	783,513	302,022	181	2,524,648
Arkansas	512,759	202,779	624,935	30,608	2,480,028
California	3,359,651	2,886,932	2,231,953	651,542	12,570,562
Colorado	615,117	428,566	144,350	43,616	2,959,740
Connecticut	1,294	649	594	23	13,348
Delaware	6,285	3,057	4,350	231	22,727
Florida	865,066	133,083	235,930	135,235	1,795,235
Georgia	1,115,289	762,671	1,078,460	31,197	3,949,401
Idaho	177,064	238,055	33,803	3,605	928,681
Illinois	102,820	157,903	90,478	34,760	1,554,988
Indiana	37,364	59,469	38,553	42,678	374,629
Iowa	33,649	48,754	32,348	2,093	828,252
Kansas	796,605	365,775	73,869	959	7,629,045
Kentucky	289,545	269,661	239,545	2,606	2,413,935
Louisiana	198,349	269,698	638,541	1,024	1,409,020
Maine	46,726	61,552	60,753	9,821	238,651
Maryland	75,954	33,345	36,917	7,621	225,196
Massachusetts	4,157	3,607	2,801	320	36,842
Michigan	90,202	156,240	207,242	11,436	985,618
Minnesota	210,029	293,284	276,092	12,287	3,063,945
Mississippi	1,471,644	740,380	575,686	20,964	3,022,965
Missouri	1,473,604	740,380	575,686	114,243	6,985,387
Montana	1,065,098	828,753	167,837	1,578	6,146,006
Nebraska	656,223	885,318	115,879	5,857	8,509,377
Nevada	4,948	13,824	11,078	0	37,848
New Hampshire	10,415	12,726	10,344	274	65,967
New Jersey	25,785	15,620	13,621	1,540	135,579
New Mexico	632,033	470,991	267,025	32,021	2,114,284
New York	89,827	80,240	81,769	12,248	533,333
North Carolina	446,197	377,118	300,726	128,962	1,674,817
North Dakota	680,864	218,153	24,805	430	20,897,599
Ohio	85,390	112,723	91,005	1,282	988,347
Oklahoma	889,071	343,167	199,188	5,815	5,926,275
Oregon	127,458	154,917	448,958	66,098	1,156,107
Pennsylvania	98,360	117,470	115,043	6,026	472,430
Rhode Island	2,347	1,171	791	345	23,425
South Carolina	327,359	417,124	1,221,661	8,534	2,711,865
South Dakota	2,441,693	994,844	85,626	270	23,174,410
Tennessee	236,545	98,405	81,843	1,810	634,784
Texas	1,210,886	956,765	971,039	9,942	5,827,862
Utah	136,715	120,899	76,846	480	721,278
Vermont	12,748	17,215	20,361	2,779	88,055
Virginia	179,645	121,426	82,416	5,191	453,106
Washington	347,725	221,811	130,244	2,609	1,541,849
West Virginia	126,900	138,571	44,994	1,291	634,482
Wisconsin	230,072	270,933	210,304	10,920	4,300,802
Wyoming	181,058	139,899	57,084	655	1,199,582
Hawaii		260	80	90	430
Puerto Rico			331,890	250,380	582,270
Virgin Islands	5,535	12,407	5,325	3,670	33,257

1/ All grant obligations to individuals and groups, except grants made from corporation trust funds and grants for water conservation under the Appropriation "Development of Water Facilities."

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table X Rural Rehabilitation Grant Payments 1/

State and territory (1)	Fiscal Year 1940 (2)	Fiscal Year 1941 (3)	Fiscal Year 1942 (4)	Fiscal Year 1943 (5)	Cumulative From inception through June 30, 1943 (6)
U. S. TOTAL	\$24,119,716	\$17,344,463	\$13,218,780	\$11,724,804	\$152,545,662
Alabama	2,607,325	1,998,216	709,565	6,077	6,267,163
Arizona	845,718	783,613	302,022	181	2,524,698
Arkansas	512,739	202,779	624,935	30,608	2,480,028
California	3,359,631	2,886,932	2,231,993	651,542	12,570,562
Colorado	613,117	428,566	144,390	43,616	2,939,740
Connecticut	1,294	549	584	23	13,388
Delaware	6,255	3,057	4,390	231	22,777
Florida	861,069	133,853	285,350	135,595	1,795,255
Georgia	1,115,289	748,671	1,074,466	31,487	3,482,401
Idaho	177,084	236,055	93,803	3,605	926,681
Illinois	102,420	157,903	90,478	34,760	1,554,988
Indiana	37,364	59,469	38,553	42,678	374,629
Iowa	33,649	48,754	32,348	2,093	828,252
Kansas	796,505	365,775	73,869	959	7,629,045
Kentucky	289,945	269,561	239,545	2,606	2,413,935
Louisiana	198,349	269,698	638,541	1,024	1,409,020
Maine	46,726	61,352	60,753	9,821	238,651
Maryland	72,954	33,343	36,917	7,621	225,196
Massachusetts	4,197	3,607	2,801	320	36,842
Michigan	90,202	156,240	207,242	11,436	985,618
Minnesota	210,029	293,284	276,092	12,287	3,063,945
Mississippi	1,217,654	640,980	515,616	20,964	3,042,965
Missouri	473,944	744,726	376,256	114,243	6,985,387
Montana	1,056,098	528,553	167,837	1,578	6,146,006
Nebraska	656,223	885,318	185,679	5,897	8,509,377
Nevada	4,048	13,824	11,078	0	37,848
New Hampshire	10,145	12,726	10,394	274	65,967
New Jersey	25,785	15,625	15,621	1,560	135,779
New Mexico	832,033	470,991	267,025	32,021	2,111,204
New York	89,827	80,240	81,789	12,248	533,333
North Carolina	446,197	377,118	300,726	128,962	1,674,817
North Dakota	680,864	218,153	24,805	1,430	20,897,599
Ohio	85,390	112,723	81,005	1,282	988,347
Oklahoma	893,071	343,167	189,188	5,815	5,926,275
Oregon	127,458	154,917	448,968	66,098	1,156,107
Pennsylvania	98,360	117,470	115,043	6,026	472,430
Rhode Island	2,347	1,171	791	345	23,425
South Carolina	327,359	417,124	1,221,661	8,534	2,711,865
South Dakota	2,441,693	994,844	85,626	270	23,174,410
Tennessee	236,545	98,405	81,843	1,210	634,784
Texas	1,210,886	956,765	971,039	9,942	5,827,862
Utah	136,715	120,899	76,846	480	721,278
Vermont	12,748	17,215	20,361	2,779	88,055
Virginia	179,645	121,426	82,416	5,191	453,106
Washington	347,725	221,811	130,244	2,809	1,541,849
West Virginia	126,900	138,571	44,994	1,281	634,482
Wisconsin	230,072	270,933	210,304	10,920	4,380,802
Wyoming	181,098	139,899	57,084	655	1,199,582
Hawaii		260	80	80	430
Puerto Rico			331,890	250,380	582,270
Virgin Islands	5,535	12,407	9,325	5,870	33,257

1/ All grant obligations to individuals and groups, except grants made from corporation trust funds and grants for water conservation under the Appropriation "Development of Water Facilities."

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SECURITY ADMINISTRATION

XI
Table Families Receiving Grants from Inception of
Program by States Through June 30, 1943

Families Receiving Grants from Inception of Program through June 30, 1943				Families Receiving Grants from Inception of Program through June 30, 1943			
State	Borrowers (3)	Grant only (3)	Total (4)	State	Borrowers (2)	Grant only (3)	Total (4)
(1)	(3)	(3)	(4)	(1)	(2)	(3)	(4)
U. S. TOTAL	492,024	622,526	1,114,550				
Alabama	30,654	36,720	67,374	Nevada	152	45	197
Arizona	837	26,023	26,860	New Hampshire	353	42	395
Arkansas	25,135	375	25,510	New Jersey	617	169	786
California	3,929	57,953	61,882	New Mexico	6,925	2,942	9,867
Colorado	9,526	5,287	14,813	New York	1,966	908	2,874
Connecticut	84	55	139	North Carolina	11,421	4,486	15,907
Delaware	100	26	126	North Dakota	33,042	19,556	52,598
Florida	9,748	17,854	27,602	Ohio	7,395	4,680	12,065
Georgia	26,827	20,390	47,217	Oklahoma	26,872	47,675	74,547
Idaho	2,978	30,775	33,753	Oregon	2,014	26,002	28,016
Illinois	7,485	10,585	18,070	Pennsylvania	2,612	445	3,057
Indiana	3,327	1,253	4,580	Rhode Island	80	94	174
Iowa	5,262	5,375	10,637	South Carolina	13,240	28,846	42,186
Kansas	14,434	15,745	30,179	South Dakota	35,243	20,045	55,288
Kentucky	10,330	19,368	29,698	Tennessee	7,041	1,125	8,166
Louisiana	14,754	1,457	16,211	Texas	38,886	20,272	59,158
Maine	1,158	131	1,289	Utah	3,362	2,186	5,548
Maryland	752	279	1,031	Vermont	389	169	558
Massachusetts	190	142	332	Virginia	3,093	81	3,174
Michigan	4,519	2,515	7,034	Washington	3,527	54,499	58,026
Minnesota	12,832	9,239	22,071	West Virginia	4,243	1,395	5,638
Mississippi	25,235	1,630	26,865	Wisconsin	17,436	30,309	47,805
Missouri	33,505	52,142	85,647	Wyoming	3,502	2,441	5,943
Montana	5,744	15,234	20,978				
Nebraska	12,732	17,898	30,630	Hawaii	4	3	7
				Puerto Rico	6,066	5,660	11,728
				Virgin Islands	314	0	314

Table XII REPORT OF PROJECT LIQUIDATIONS AS OF OCTOBER 31, 1943

Table XII
REPORT OF PROJECT LIQUIDATIONS AS OF OCTOBER 31, 1943

Project Name and County	Number of Units en Project After Final Reorganization									
	Number of Units For Which Contracts Have Been Signed by Purchasers			Number of Units		Are		Other		Total
	Finally Approved by Regional Director	In Process	Total	Between Project Regional	Number of Contracts : Signed :	Sold	Not Sold	or Will be Transferred	Other	
	Director	Regional	Office	Regional	Contracts : Signed :	Be Sold	Conveyed	er		
ALABAMA										
Alabama Farm Tenant Security, Autauga and 17 Others	57	14	71	25	0	0	0	0	0	96
Alabama Scattered Farms, Clay and 17 Others	8	10	18	16	0	0	0	0	0	28
Coffee Farms, Coffee and 17 Others	131	0	131	79	0	0	0	0	0	204
See's Bend, Wilcox	22	0	22	13	0	0	0	0	0	36
Fairlie Farms, Macon	18	0	18	0	0	0	0	0	0	155
Skyline Farms, Jackson	0	0	0	137	0	0	0	0	0	0
West Central Alabama Farms, Greene and Tuscaloosa	0	0	0	0	0	0	0	0	0	0
ARIZONA										
Gasa Grande Valley Farms, Pinal	0	0	0	60	0	0	0	0	0	60
ARKANSAS										
Arkansas Farm Tenant Security, Clark and 3 Others	47	0	47	9	0	0	0	1	0	57
Aitcoe, Prairie	54	0	54	5	0	0	0	0	0	73
Central and Western Arkansas Valley, Conway and 9 Others	0	0	0	33	0	0	0	0	0	59
Chicot Farm, Chicot and Drew	78	0	78	5	0	0	0	68	0	101
Clover Bend Farm, Lawrence	82	0	82	4	0	0	0	2	0	85
Dallas Farms, Dade	0	0	0	0	0	0	0	3	0	69
Kelso Farms, DeWitt	0	0	0	0	0	0	0	0	0	0
Lake Dick Jefferson and Arkansas	8	0	8	51	0	0	0	0	0	64
Lebanon, Lee and Phillips	124	12	136	0	0	0	0	5	0	140
Lenoke Farms, Lonoke	42	0	42	4	0	0	0	1	0	47
Northeast Arkansas Farms, Benton and Washington	24	0	24	0	0	0	0	0	0	24
Pum Bayou Homesteads, Jefferson	77	0	77	83	0	0	0	0	0	160
St. Francis River Farms, Polk	74	0	74	7	0	0	0	3	0	84
Texas Farms, Crittenden	0	0	0	30	0	0	0	2	0	32
Truman Farms, Polk	49	0	49	5	0	0	0	1	0	55
CALIFORNIA										
Mendocino Woodlands, Mendocino and Santa Cruz	2	0	2	0	0	0	0	0	0	2
COLORADO										
Colorado Scattered Farms, Mesa	1	0	1	0	0	0	0	0	0	1
Las Animas Farms, Las Animas	0	0	0	0	0	0	0	0	0	0
San Luis Valley Farms, Alamosa and Rio Grande	1	60	61	8	0	0	0	0	0	69
Western Slope Farms, Delta, Mesa and Montrose	0	46	46	40	0	0	0	0	0	86
FLORIDA										
Becambia Farms, Okaloosa	64	0	64	21	0	0	0	0	0	85
Florida Scattered Farms, Jefferson and 2 Others	26	13	39	30	0	0	0	0	0	69
Jacksonville Homesteads, Duval	0	0	0	0	0	0	0	0	0	0
GEORGIA										
Briar Patch Farms, Putnam	11	0	11	11	0	0	0	0	0	22
Flint River Farms, Macon	104	16	120	25	0	0	0	0	0	131
Georgia Farm Tenant Security, Barrow and 32 Others	77	0	77	13	0	0	0	0	0	106
Georgia Scattered Farms, Randolph and Folk	7	0	7	0	0	0	0	0	0	7
Green County Farms, Inc., Greene	0	0	0	125	0	0	0	0	0	125
Irwinsville Farms, Irwin	91	0	91	17	0	0	0	0	0	108
Piedmont Homesteads, Jasper	29	0	29	21	0	0	0	0	0	50
Weir Creek Farms, Grady	1	20	21	3	0	0	0	0	0	24
IDaho										
Boundary Farms, Boundary	34	0	34	3	0	0	0	0	0	37
Idaho Scattered Farms, Idaho and 16 Others	83	0	83	5	0	0	0	0	0	88
ILLINOIS										
Southern Illinois Homesteads, Franklin	0	0	0	0	0	0	0	0	0	0
INDIANA										
Indiana Rehabilitation Demonstration Farms, Ripley and Jefferson	0	0	0	0	2	0	0	0	0	2
Webash Farms, Daviess and 6 Others	32	3	35	58	0	0	0	26	0	119
KANSAS										
Kansas Scattered Farms, Jackson and 3 Others	5	1	6	1	0	0	0	0	0	7
Northeastern Kansas Farms, Jackson and 3 Others	9	5	14	3	0	0	0	0	0	17
KENTUCKY										
Christian-Frigo Farms, Christian	33	32	65	26	0	0	0	0	0	91
Sublimity Forest Community, Laurel	0	0	0	0	66	0	0	0	0	66

Table

REPORT OF PROJECT LIQUIDATIONS AS OF OCTOBER 31, 1943

Project Name and County	Number of Units on Project After Final Reorganization										Total
	Number of Units For Which Contracts Have Been Signed by Purchasers					Of Units : Are : or Will be : Transferred : or Conveyed :					
	Finally : Approved by : Regional : Director :	In Process : and Regional : Office :	Total : Number of : Contracts : Signed :	Not Now : Sold : But to : Be Sold :	Are : or Will be : Transferred : or Conveyed :	Other :					
LOUISIANA											
Louisiana Farm Tenant Security, Bossier and 9 Others	299	0	99	11	0	0	0	0	0	110	
Monroe Farms, Madison and East Carroll	2	0	2	143	0	5	5	0	0	150	
Terrebonne, Terrebonne	0	0	0	71	0	3	3	0	0	74	
Transylvania Farms, East Carroll	144	0	144	16	0	10	10	0	0	170	
MAINE											
State of Maine Farms, Androscoggin and 12 Others	30	4	34	17	0	15	15	0	0	66	
MICHIGAN											
An-Sable, Otsego	0	0	0	0	1	0	0	0	0	1	
Chasoyan Farms, Chasoyan	0	0	0	3	0	0	0	0	0	3	
Corporation Farms and Real Estate, Antrim and 8 Others	8	0	8	2	0	0	0	0	0	10	
Johannesburg Farms, Otsego and 11 Others	15	0	15	0	0	0	0	0	0	15	
Potato Warehouses, Iron and Alger	0	0	0	0	0	0	0	0	0	0	
Saginaw, Saginaw	0	0	0	33	0	0	0	0	0	33	
Southern Michigan, Ionia and 9 Others	61	0	61	8	0	0	0	0	0	69	
MINNESOTA											
Albert Lea Homesteads, Freeborn	14	0	14	0	0	0	0	0	0	14	
Beltrami Island Farms, Beltrami and 13 Others	215	0	215	13	0	0	0	0	0	228	
Central Minnesota, Pope and 6 Others	102	0	102	0	0	0	0	0	0	102	
Ethas Allen, Itasca	4	0	4	0	0	0	0	0	0	4	
Minnesota Scattered Farms, Becker and Eau Claire	111	0	111	0	0	0	0	0	0	111	
Thief River Farms, Marshall and 2 Others	0	0	0	0	0	0	0	0	0	0	
MISSISSIPPI											
Kinda Farms, Hinds	66	0	66	7	0	0	0	0	0	73	
Lucedale Farms, George and Greene	82	0	82	11	0	2	2	0	0	95	
Milton Farms, Holmes	0	0	0	105	0	8	8	0	0	113	
Mississippi Farm Tenant Security, Bolivar and 3 Others	219	0	219	75	0	24	24	0	0	318	
Mississippi Rehabilitation Farms, Lawrence	1	0	1	0	0	0	0	0	0	1	
Northeast Mississippi Farms, Ottobama and 6 Others	72	0	72	8	0	0	0	0	0	80	
Richard Homesteads, Perry	0	0	0	0	26	0	0	0	0	26	
MISSOURI											
George Farms, New Madrid	64	0	64	37	0	0	0	0	0	101	
Missouri Rehabilitation Demonstration Farms, Boone and 25 Others	13	0	13	32	0	8	8	0	0	53	
Ozark Farms, Pettis	16	0	16	54	0	0	0	0	0	70	
NEBRASKA											
Palmer Farms, Jefferson	2	1	3	4	0	0	0	0	0	7	
Palmer Farms, Richardson	8	2	10	0	0	0	0	0	0	10	
Grand Island Farms, Hall	3	0	3	0	0	0	0	0	0	3	
Kearney Farms, Buffalo	0	0	0	11	0	0	0	0	0	11	
Long City Farms, Sherman	1	0	1	0	0	0	0	0	0	1	
Maple River Farms, Kearney	0	22	22	1	0	0	0	0	0	23	
Scottsbluff Farms, Scottsbluff	15	7	22	0	0	0	0	0	0	22	
South Sioux City Farms, Nebraska	1	0	1	39	0	0	0	0	0	40	
Two Rivers, Douglas and Saunders	0	0	0	0	0	0	0	0	0	0	
MONTANA											
Fairfield Ranch Farms, Teton and Cascade	6	43	49	67	0	0	0	0	0	116	
Kinsley Farms, Glacier	0	0	0	78	0	3	3	0	0	81	
Milk River Farms, Blaine and 2 Others	10	55	65	77	0	0	0	0	0	142	
NEW MEXICO											
Boqueron Farms, Valencia	0	36	36	6	0	0	0	0	0	42	
Dona Ana Farms, Dona Ana	5	0	5	0	0	0	0	0	0	5	
El Pueblo Grazing Project, San Miguel	0	0	0	0	0	0	0	0	0	0	
New Mexico Farms, De Baca	0	16	16	6	0	0	0	0	0	22	
New Mexico Scattered Farms, De Baca	0	1	1	0	0	0	0	0	0	1	
Silver City Farms, Grant	4	0	4	0	0	0	0	0	0	4	
NEW YORK											
Vinger Lake Farms, Cayuga and 4 Others	33	5	38	10	0	0	0	0	0	43	
New York Valley Farms, Allegany and 8 Others	18	11	29	1	0	0	0	0	0	30	

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

REPORT OF PROJECT LIQUIDATIONS AS OF OCTOBER 31, 1943 (Cont'd.)

Table

Project Name and County	Number of Units on Project After Final Reorganization									
	Number of Units for Which Contracts Have Been Signed by Purchasers			Number of Units : Are			Total			
	Finally Approved by Regional Director :	In Process :	Office :	Not How Sold :	or Will be Transferred :	Other :	Approved by Regional Director :	Between Project and Regional Office :	Number of Contracts Signed :	Be Sold, Conveyed, or Transferred :
NORTH CAROLINA										
North Carolina Farm Tenant Security, Wayne and 4 Others	69	7	76	18	0	0				94
North Carolina Scattered Farms, Allegheny and 7 Others	12	0	12	13	0	0				25
Fendrook Farms, Robeson	62	0	62	18	0	0				80
Penderlee Homesteads, Pender	21	12	33	102	0	0				135
Ranoke-Tillery Farms, Halifax	63	7	70	142	0	0				212
Souppernong Farms, Tyrell and Washington	2	3	5	95	0	0				90
Wolf Pit Farms, Richmond	32	2	34	1	0	0				35
NORTH DAKOTA										
Burlington Project, Ward	1	0	1	34	0	0				35
North Dakota Scattered Farms, McLean and 3 Others	0	1	1	0	0	1				1
Red River Valley Farms, Cass and Traill	99	11	110	22	0	0				132
OHIO										
Scioto, Rose and 3 Others	92	0	92	30	0	0				122
OKLAHOMA										
Eastern Oklahoma Farms, Osage and 3 Others	30	29	59	21	0	0				60
Oklahoma Farm Tenant Security, Garvin and 7 Others	11	0	11	13	0	0				24
101 Ranch Farms, Pottawatomie and 3 Others	140	2	142	2	0	0				50
Tulsa City Homesteads, Tulsa	1	0	1	0	0	0				1
OREGON										
Tachill Farms, Polk and 2 Others	12	0	12	93	0	0				105
PENNSYLVANIA										
Northampton County Farms, Northampton	0	0	0	0	0	6				6
Pennsylvania Farms, Bradford and 8 Others	25	2	27	5	0	2				34
SOUTH CAROLINA										
Allendale Farms, Allendale and 8 Others	113	0	113	5	0	0				118
Ashwood Plantation, Lee	94	0	94	62	0	0				156
Orangeburg Farms, Calhoun and Orangeburg	72	0	72	10	0	0				82
South Carolina Farm Tenant Security, Aiken and 13 Others	34	1	42	17	0	0				59
South Carolina Scattered Farms, Union and 4 Others	1	3	4	17	0	0				21
Tiverton Farms, Sumter	0	0	0	29	0	0				29
SOUTH DAKOTA										
Eastern South Dakota Farms, Brookings and 2 Others	35	1	36	1	0	0				37
Sioux Falls Farmsteads, Minnehaha	0	0	0	14	0	0				14
Speerfish, Lawrence	2	0	2	0	0	0				2
TENNESSEE										
Goodfellow Farms, Davidson	0	0	0	0	0	0				0
Tennessee Farm Tenant Security, Carroll and 4 Others	78	7	85	35	0	0				120
TEXAS										
Fannin Farms, Fannin	28	3	31	1	0	0				32
McLennan Farms, McLennan	18	1	19	0	0	0				19
Mexia Colony, Limestone	0	0	0	0	0	0				0
Nacogdoches Farms, Nacogdoches	76	0	76	2	1	0				78
Ropesville Farms, Rockley	32	0	32	18	0	0				50
Sabine Farms, Harrison and Penola	0	0	0	29	0	0				29
San Houston Farms, Harris	81	4	85	14	0	0				99
Texas Farm Tenant Security, Collins and 15 Others	10	5	15	14	0	0				29
Wichita Valley Farms, Wichita	40	7	47	49	0	0				98
Woodlake Community, Woodlake	0	7	7	49	0	0				56
UTAH										
Snyder Valley, Garfield and 5 Others	18	0	18	0	0	0				18
Wintoon Reestablishment, Garfield and 4 Others	11	0	11	4	0	0				15
VIRGINIA										
Colonial Acres, Mathews and 2 Others	1	0	1	1	0	0				2
Shenandoah Homesteads, Greene and 4 Others	20	31	51	54	0	0				105
WASHINGTON										
Snohomish Farms, Snohomish and 2 Others	9	0	9	35	0	0				44
Washington Scattered Farms, Snohomish and 19 Others	119	0	119	16	0	0				135

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table REPORT OF PROJECT LIQUIDATIONS AS OF OCTOBER 31, 1943 (continued)

Project Name and County	Number of Units on Project After Final Reorganization										Total
	Number of Units for Which Contracts					Number					
	Have Been Signed by Purchasers	Finally Approved by Regional Director	In Process	Between Project and Regional Office	Total	Not Now Sold	or Will be Transferred	Are Sold or Conveyed	Other		
WISCONSIN											
Central Wisconsin Farms, Clark and 3 Others	72	0	0	0	72	0	0	0	0	0	72
Drummond Forest Community, Bayfield	0	0	0	0	0	0	0	32	0	0	32
Lakewood-Grandon Farms, Bayfield and 3 Others	23	0	0	0	23	1	0	0	0	0	24
Langlade and Oneida, Langlade and Oneida	0	0	0	0	0	0	0	0	0	0	0
Monroe County Retirement Homesteads, Monroe	6	0	0	0	6	0	0	0	0	0	6
Northern Pine Retirement Homesteads, Forest and 2 Others	3	0	0	0	3	0	0	0	0	0	3
Vulcan Corporation, Forest	0	0	0	0	0	0	0	0	0	0	0
West Bend Farms, Washington	2	0	0	0	2	0	0	0	0	0	2
Wisconsin Scattered Farms, Monroe and 3 Others	5	0	0	0	5	0	0	0	0	0	5
VIRGIN ISLANDS											
St. Croix Homesteads	344	0	0	0	344	0	0	0	0	0	344
St. Thomas Homesteads	79	0	0	0	79	0	0	0	0	0	79
U. S. TOTAL	5,145	567	5,732	2,973	101	308					9,174

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table XIII Statement of Project Operating Cost and Income as of June 30, 1943

RECAPITULATION BY PROJECT TYPE

<u>Description</u>	<u>Community Projects</u>	<u>Subsistence Homesteads</u>	<u>Scattered Farms</u>	<u>Total</u>
<u>Operating Costs</u>				
Management	\$2,466,743.21	\$ 96,608.52	\$2,477,300.29	\$ 5,040,652.02
Operations and Maintenance	1,012,422.57	34,038.51	970,810.91	2,017,271.99
Taxes	844,713.34	12,875.12	1,465,820.16	2,343,408.62
Insurance	341,992.83	5,452.37	383,955.11	731,400.31
Other Operating Costs	431,828.15	38,390.91	230,022.53	700,241.59
Donations	25,657.23	62.40	54,452.52	80,172.15
Total Operating Costs	\$5,123,357.33	\$187,427.83	\$5,602,361.52	\$10,913,146.68
Income to 6/30/43	\$2,677,171.14	\$ 24,921.89	\$3,385,187.46	\$ 6,087,280.49

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION
Statement of Project Operating Cost and Income as of June 30, 1943
COMMUNITY PROJECTS

Table

Project	OPERATING COSTS						Total Income to 6/30/43
	Management	Operations and Maintenance	Taxes	Insurance	Other Operating Costs	Donations	
<u>Alabama</u>							
Geetie Bond Farms	\$ 41,456.44	\$ 3,944.53	\$ 4,667.77	\$ 4,485.45	\$	\$	\$ 37,999.35
Prairie Farms	32,525.46	5,986.46	1,576.98	1,576.98			42,903.16
Stylene Farms	85,356.22	45,466.42	3,754.04	8,039.93		537.00	441,155.61
<u>Arizona</u>							
Casa Grande Valley Farms	44,485.13	17,677.41	31,923.30	4,750.77	358.12		99,194.73
<u>Arkansas</u>							
Biscoe Farms	45,747.30	3,845.08	7,008.88	5,175.11	1,369.42		63,115.79
Chicot Farms	40,817.23	15,627.94	40,596.14	5,834.78	19,991.85		122,993.33
Clover Bond Farms	47,253.01	9,711.42	9,319.42	7,187.24	2,081.40	125.39	75,571.99
Dasha Farms	47,691.78	13,171.80	11,231.07	6,927.35	1,417.51	19.50	80,902.51
Kelso Farms	1,669.02		18,431.18			463.00	20,100.20
Lake Dick	48,799.80	25,632.57	13,259.36	12,976.68	1,640.19		102,308.60
Lakeview	79,928.88	35,784.69	18,805.53	7,747.32	3,629.48		145,875.90
Lonoke Farms	28,176.09	5,511.73	5,974.44	3,608.47	811.51		44,125.24
Plum Bayou	79,980.10	72,087.92	28,044.26	19,707.04	70,234.48	13.00	270,053.80
St. Francis River Farms	19,276.19	5,426.90	39,160.69	11,399.49	7,160.15		82,423.42
Townes Farms	16,436.84	446.22	5,724.06				22,607.12
Trumann Farms	25,899.30	3,470.22	23,494.60	4,508.49	6,645.44		64,018.05
<u>Florida</u>							
Escambia	45,919.53	18,190.63	6,233.69	4,484.41		26.40	74,854.66
<u>Georgia</u>							
Briar Patch Farms	51,556.40	8,878.92	3,844.71	1,980.48			66,230.51
Flint River Farms	52,357.34	8,876.49	7,405.52	7,480.67			76,130.02
Irelinville	84,480.19	79,197.12	15,194.69	5,910.46	644.55		189,430.01
Wolf Creek	38,367.20	28,458.97	4,593.38	1,669.09			73,068.64
<u>Kentucky</u>							
Sublimity Farms	16,803.16	12,431.78	1,277.43	4,365.84	2,169.26	6,781.92	43,829.39
<u>Louisiana</u>							
Mounds Farms	25,437.91	2,225.59	24,745.30	3,576.38			56,117.18
Terrebonne	39,334.50	3,043.60	46,035.07			132.00	58,788.60
Texasville Farms	35,485.21	6,722.53	20,690.76	2,323.81			71,422.31
<u>Michigan</u>							
Saginaw Valley Farms	26,919.58	39,736.32	5,508.78	3,118.22	3,606.83		78,889.73
<u>Minnesota</u>							
Albert Lea Homesteads				665.20			665.20
<u>Mississippi</u>							
Hinds Farms	15,232.05	4,435.88	6,745.93	4,895.29			31,309.15
Indian Farms	45,262.00	4,744.90	11,064.67	9,044.29			72,896.32
Milestone Farms	36,459.17	2,011.75	38,482.27	290.02			76,923.21
<u>Missouri</u>							
Lafarge Farms	47,192.70	31,193.99	27,387.54	14,395.94	3,207.41		123,377.58
<u>Montana</u>							
Kinsey Flats	44,154.64	260.35	4,244.97				48,659.88
<u>Nebraska</u>							
Fairbury Farmsteads	5,059.42	5,415.87	1,107.24	1,201.72			12,514.25
Falls City Farmsteads	2,450.26	2,795.35	1,969.24	1,915.25			9,144.30
Grand Island Farmsteads	3,364.09	2,193.88	1,435.41	1,142.60			8,140.38
Harney Farmsteads	3,147.44	7,581.91	2,860.99	1,069.67			15,662.71
Leop City Farmsteads	2,903.82	4,785.34	5,693.19	2,349.27			14,968.74
Scottsbluff Farmsteads	24,507.12	12,168.17	9,536.92	3,499.54	37.42		42,868.38
South Sioux City Farmsteads	3,897.81	4,255.06	3,124.55	3,124.55	1,104.65		14,466.47
Two Rivers	42,571.55	15,271.67	16,304.30	6,154.67	38,336.18	25.00	120,457.77
<u>Texas</u>							
San Antonio City Farmsteads							11,328.93
<u>Virginia</u>							
Richmond City Farmsteads							6,379.89
Richmond City Farmsteads							1,433.25
Richmond City Farmsteads							12,630.26
Richmond City Farmsteads							12,574.33
Richmond City Farmsteads							3,978.69
Richmond City Farmsteads							12,868.38
Richmond City Farmsteads							14,466.47
Richmond City Farmsteads							11,328.93

Project	Manager	OPERATING COSTS					Total	Total Income to 6/30/43
		Operations and Maintenance	Taxes	Insurance	Other Operating Costs	Donations		
New Mexico								
Resque Farms	66,974.92	23,513.97	47,369.00	3,212.01	51,601.30	691.26	193,362.16	32,009.51
Dona Ana	35.00		3,175.86	422.88			3,633.74	9,536.30
North Carolina								
Panbrake Homesteads	42,127.33	13,227.67	16,957.61	5,931.13	144,623.31		78,213.74	47,381.61
Pandrea Homesteads	155,096.60	74,103.59	22,718.95	21,042.92			418,110.32	68,863.64
Renoire Farms	120,183.36	50,676.64	25,215.40	17,370.22	2,280.38	524.55	216,890.64	153,707.24
Southern Farm	64,349.40	26,525.33	24,111.32	4,406.19	80.00	961.64	119,872.24	27,842.05
North Dakota								
Burlington Project	17,622.83	13,866.41	1,113.00	4,771.65	33.73	5,661.19	43,072.52	11,017.39
South Carolina								
Adwood Plantations	124,727.34	79,121.70	37,439.97	21,497.52	28,841.11	664.21	292,671.85	113,207.18
Orangeburg Farms	52,510.16	6,002.34	9,990.59	6,498.06			75,005.09	35,973.51
Tiverton Farms	9,557.08	940.30	893.75	1,318.63			12,715.76	10,678.93
South Dakota								
Sioux Falls	18,784.07	6,430.57	6,584.33	2,726.26	9,714.10		44,273.33	19,808.50
Texas								
Necoches Farms	8,059.26	150.59	410.87	248.79		1,321.92	10,201.43	43.75
Reposville Farms	40,767.05	17,295.11	10,492.19	10,201.65		1,531.24	76,177.24	142,531.06
Sabine Farms	47,634.70	9,005.16	4,066.91	7,317.77		0.00	68,030.54	24,794.10
San Houston Farms	49,450.29	33,135.00	13,432.58	9,519.02	16,814.02	3,731.65	126,111.56	27,206.23
Wichita Valley Farms	65,062.68	27,940.36	71,580.40	8,610.67	4,315.12	5.00	176,520.23	67,387.61
Woodlake Community	91,474.67	23,659.80	11,244.55	8,058.87	2.60	780.04	135,230.53	14,183.69
McLennan Farms	2,109.11	1,055.97	1,858.70	993.42		281.42	6,258.62	17,352.70
Virginia								
Virginia Islands								
St. Croix Homesteads	6.04	3,922.92					3,928.96	
St. Thomas Homesteads								
Virginia								
Shenandoah Homesteads	81,920.17	25,675.60	18,368.72	10,572.05	8,690.83	1,373.60	146,600.97	36,699.13
Wisconsin								
Drummond Project	12,048.70	1,617.22	572.62	2,928.00			17,166.54	17,607.96
Monroe County Retirement Homesteads	9.90	267.52	69.12	540.80	111.99		897.23	1,768.75
Northern Pine Retirement Homesteads	77.01	49.30	1,945.21	404.70			2,477.22	2,621.34
West Bend Farms			117.56				117.56	3,127.00
Total Community Projects	\$2,466,743.21	\$1,012,422.57	\$ 844,713.34	\$341,992.83	\$43,828.15	\$25,697.23	\$5,123,357.33	\$2,677,171.44
SUBSISTENCE HOMESTEADS								
Florida								
Jacksonville Homesteads								
Georgia								
Piedmont Homesteads	54,692.17	27,887.78	7,978.75	4,242.05	23,831.81		118,632.56	17,664.79
Illinois								
Southern Illinois Homesteads	12,271.61						12,271.61	924.67
Mississippi								
Heaton Homesteads	27,909.90	5,947.52	4,896.37	1,133.23	14,559.10	62.40	54,508.52	5,460.77
Oklahoma								
Tulsa County Homesteads	1,734.84	203.21		77.09			2,015.14	871.65
Total Subsistence Homesteads Projects	\$ 90,608.52	\$ 34,038.51	\$ 12,875.12	\$ 5,452.37	\$ 38,390.91	\$ 62.40	\$ 187,427.83	\$ 24,921.89
SCATTERED FARMS								
Alabama								
Alabama Farm Tenant Security	29,984.18	19,552.63	5,486.38	3,650.14			58,681.33	58,948.72
Alabama Scattered Farms	78.02	5,951.10	2,812.63	1,208.96			9,690.71	20,617.14
Coffee Farms	166,968.00	56,003.99	47,912.08	14,555.79	1,331.12	1,747.70	288,138.68	203,837.46
West Central Alabama Farms			21.75				21.75	

Project	O P E R A T I N G C O S T S					Total Income to 6/30/43
	Management	Operations and Maintenance	Taxes	Insurance	Other Operating Costs	
Arkansas						
Arkansas Farm Tenant Security	18,442.17	20,040.04	9,256.74	4,094.54	253.70	82,392.43
Central & Western Arkansas Valley Farms	52,516.51	7,708.13	9,256.03	5,156.14	4,653.56	79,681.17
Northwest Arkansas Farms	37,283.09	4,108.52	5,593.43	2,754.27	122.50	49,665.44
California						
Mendocino Resettlement Project	21.56			124.44		115.70
Colorado						
Colorado Scattered Farms		75.30	156.05			231.95
Las Animas Farms			79.05			79.05
San Luis Valley Farms	72,948.85	25,565.23	55,789.74	7,596.86	6,337.50	168,264.58
Western Slope Farms	80,999.55	32,072.74	129,957.45	5,626.62	6,952.33	267,228.45
Florida						
Florida Scattered Farms	20,700.61	12,398.15	5,045.50	4,272.56		50,986.82
Georgia						
Georgia Farm Tenant Security	27,444.23	13,591.50	7,517.71	6,804.65		55,057.09
Georgia Scattered Farms	57.78	1,500.10	257.74	307.42		1,815.62
Greene County Project	575.00	10,367.28	3,356.16			14,405.86
Idaho						
Boundary Farms	34,494.35	41,742.12	24,222.07	3,910.18	20,445.32	129,784.04
Idaho Scattered Farms	334.08	556.74	8,161.26	1,719.90	33.22	10,805.20
Indiana						
Wabash Farms	74,782.59	50,325.08	49,734.21	10,202.44	14,841.79	83,525.86
Rehabilitation Demonstration Farms	232.62			2.10		234.78
Kansas						
Kansas Scattered Farms	35.00	644.86	1,243.88	1,012.21		2,905.95
Northwestern Kansas Farms	13,936.97	8,510.00	9,999.47	2,986.68		35,451.12
Kentucky						
Christian-Trigg Farms	64,460.48	25,446.23	25,636.88	12,459.00	1,565.99	129,268.58
Louisiana						
Louisiana Farm Tenant Security	77,822.65	23,086.68	27,247.13	0,900.74	110.70	136,043.80
Maine						
State of Maine Farms	36,524.41	16,112.26	30,604.98	5,695.87		88,937.52
Michigan						
Au Sable Area	619.62		564.93			1,184.55
Chaboygan Farms			225.92	111.80		337.72
Corporation Farms and Real Estate	1,704.94	1,469.53	469.43	115.95		3,305.76
Johannesburg Farms	21,719.39				57.00	33,669.85
Potato Warehouse		188.50			11,940.00	12,957.62
Southern Michigan Farms	39,406.96	24,700.55	19,137.83	11,653.23	35.40	54,407.22
Minnesota						
Beltrami Island Farms	54,424.59	1,216.40	1,507.19	17.94		31.00
Central Minnesota Farms	58,087.88	12,736.77	62,819.92	10,686.03	1,907.88	152,077.80
Ethan Allen			11.05			11.05
Minnesota Scattered Farms						10.00
Thief River Falls Farms	62,543.59	30,857.69	31,733.23	18,705.08	8,424.07	150,303.30
Mississippi						
Mississippi Farm Tenant Security	82,204.30	36,348.69	72,844.36	18,447.84		192,289.78
Mississippi Rehabilitation Farms	25.00		120.98			246.94
Northeast Mississippi Farms	55,376.63	17,771.54	13,402.56	5,143.92	3,705.69	37,245.31
Missouri						
Ozark Farms	52,131.84	26,257.30	27,662.34	12,448.74	2,567.70	63,599.35
Rehabilitation Demonstration Farms	21,455.79	7,633.95	4,083.92	2,700.12	4,070.94	45,112.63
Montana						
Fairfield Bench Farms	69,949.13	43,866.44	125,266.31	18,955.22	9,772.97	267,144.07
Milk River Farms	108,870.56	69,678.57	162,500.98	14,945.09	3,948.90	372,108.43
Nebraska						
Republican Valley Farmsteads						510.66
						72.83

SCATTERED FARMS--Continued

Project	OPERATING COSTS					Total	Total Income to 9/30/43
	Management	Operations and Maintenance	Taxes	Insurance	Other Operating Costs		
New Mexico							
El Pueblo Greting Project		3,370.98		34.10		3,405.08	401.57
New Mexico Farms	20,998.56	11,951.80	20,246.78	695.15		70,145.59	17,801.38
New Mexico Scattered Farms	8.48	169.60	732.91	17.82		1,228.01	233.00
Silver City Farms		250.00				250.00	
New York							
Finger Lake Farms	35,811.96	8,095.78	34,112.37	7,139.17		85,159.28	33,571.83
New York Valley Farms	20,410.38	5,033.56	28,082.27	4,111.12		64,907.63	20,772.11
North Carolina							
North Carolina Scattered Farms	14,611.82	5,017.08		2,209.65	64,075.45	90,914.00	27,002.17
North Carolina Farm Tenant Security	35,298.54	2,331.82	20,010.10	4,603.62		90,225.99	50,125.39
Wolf Pit Farms	18,401.90	7,945.94	6,191.14	2,340.91		34,950.19	10,958.22
North Dakota							
North Dakota Scattered Farms	50,284.94	25,000.94	164.83	342.11		168,944	1,095.04
Red River Valley Farms			122,743.67	13,168.00	8,408.25	147,705.80	194,279.00
Ohio							
Scioto Farms	93,136.37	49,718.54	33,239.09	18,200.70	10,294.24	208,046.30	152,620.24
Oklahoma							
Eastern Oklahoma Farms	62,154.29	5,188.88	16,062.01	4,049.59	3,682.19	96,681.95	77,691.87
101 Ranch Farms	45,176.27	15,113.92	11,311.23	4,928.06		80,227.49	46,118.14
Oklahoma Farm Tenant Security	25,605.01	13,157.24	10,918.87	3,495.70		53,076.82	81,150.14
Oregon							
Yamhill	69,954.12	40,819.16	64,837.90	1,707.61	3,231.17	142,550.26	83,119.54
Pennsylvania							
Northampton Farms	4,279.86	2,659.03	3,341.43	2,579.83	15,718.17	28,500.12	19,507.43
Pennsylvania Farms	37,036.72	10,981.20	15,057.12	3,467.88		67,743.22	17,301.57
South Carolina							
Allendale Farms	47,464.04	11,694.59	8,765.14	4,311.98		72,175.75	52,090.63
South Carolina Farm Tenant Security	24,653.69	6,980.51	1,213.20	3,289.08		45,149.48	44,753.22
South Carolina Scattered Farms	262.35	2,710.15	1,372.10	1,302.15		5,046.75	6,170.58
South Dakota							
Eastern South Dakota Farms	26,770.33	7,081.75	21,359.19	4,257.73	3,082.17	65,154.17	48,782.04
Spearfish	14.50			120.07	135.00	278.17	2,134.85
Tennessee							
Goodlettsville	204.13	82.75				287.18	
Tennessee Farm Tenant Security	59,811.49	16,171.23	25,367.72	13,491.93	5,046.51	127,995.39	103,131.10
Texas							
Fannin Farms	41,735.18	6,781.14	7,132.99	1,117.92		56,767.23	27,720.01
Neke Colony			1,082.31	1,082.31		6,823.61	
Texas Farm Tenant Security	82,483.00	10,506.61	19,311.25	8,598.11	298.10	129,200.07	117,669.51
Utah							
Savier Valley Farms	4,643.60	210.00	4,361.98	817.66		10,033.14	7,056.19
Wildcat Resettlement Project			2,700.97	669.07		3,370.04	4,957.59
Virginia							
Colonial Aerie			7.18	20.50		27.68	
Washington							
Snohomish Farms	54,866.53	9,646.34	22,892.95	7,361.63	1,938.75	96,706.20	45,538.54
Washington Scattered Farms	987.66	1,746.50	17,675.62	5,700.55		26,110.55	3,317.68
Wisconsin							
Central Wisconsin Farms	67,962.00	22,165.11	43,681.23	13,830.13	4,025.10	199,568.87	95,189.91
Lakewood-Grandon Farms	26,322.33			45.12		26,367.45	1,308.00
Langlade and Oneida Project			1,817.75			1,817.75	
Wisconsin Scattered Farms							
Vulcan Corporation							1,615.61
Total Scattered Farms Projects	\$2,177,300.29	\$ 970,810.91	\$1,185,820.16	\$383,955.11	\$230,022.53	\$5,462,341.54	\$3,305,187.16

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table XIV Statement of Project Development Based on Obligations to June 30, 1943

RECAPITULATION BY PROJECT TYPE

	Community Projects	Subsistence Homesteads	Scattered Farms	Total Projects
Acres Purchased				
Other Fed. Agencies	8,486.11	23,350.61		31,836.72
State Corporation	177,161.48		205,402.53	382,564.01
Emergency Relief	185,046.54	855.52	326,770.30	512,672.36
Total Acres	370,694.13	24,206.13	532,172.83	927,073.09
Land Cost				
Other Fed. Agencies	\$ 134,934.91	\$133,592.63	\$	\$ 268,527.54
State Corporation	3,519,931.43		3,776,488.28	7,296,419.71
Emergency Relief	5,474,718.20	36,119.03	12,177,935.08	17,688,772.31
Total Land	\$ 9,129,584.54	\$169,711.66	\$15,954,423.36	\$25,253,719.56
Other Development Cost				
Other Fed. Agencies	\$ 557,128.76	\$109,981.62	\$ 393.24	\$ 667,503.62
State Corporation	4,863,047.12	93,628.94	2,088,762.52	7,045,438.58
Emergency Relief	19,065,351.99	590,140.85	18,040,603.12	37,696,095.96
Donations	572,295.15	6,683.05	240,307.61	819,285.81
Total Development	\$25,057,823.02	\$800,434.46	\$20,370,066.49	\$46,228,323.97
Total Capital Investment	\$34,187,407.56	\$970,146.12	\$36,324,489.85	\$71,482,043.53

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Statement of Project Development Based on Obligations to June 30, 1943

Table

COMMUNITY PROJECTS

Project name and county	Development period	Family units	Acres	Land out			Other development cost			Total investment
				Other Federal agencies	State corporation	Emergency relief	Other Federal agencies	State corporation	Emergency relief	
Alabama										
Goetz Bend Farms, Wilcox	1937	100	10,188.08	\$ 123,805.23	\$	77,644.99	\$ 151,621.13	\$	133,677.74	\$ 284,700.07
Padario Farms, Mcon	1936	34	3,169.00	77,644.99		68.20	24,951.21		98,019.54	124,098.80
Skyline Farms, Jackson	1936	181	13,184.95	96,122.91			567,864.80		567,864.80	1,130,141.95
Arizona										
Casa Grande Valley Farms, Pinal	1936	60	5,003.33	25,098.23	320,711.01		8,513.62		162,684.51	471,738.93
Arkansas										
Blanco Farms, Preitrie	1936	1939	77	4,398.16	130,451.31				242,125.08	212,773.08
Chicot Farms, Chicot & Drew	1936	241	13,800.00	127,659.18			87,776.07		308,133.85	490,699.42
Clover Bend Farms, Lawrence	1936	1939	91	4,995.00	164,200.00				297,179.32	319,334.62
Deshia Farms, Desha	1936	88	4,418.00	154,566.10					355,841.59	571,322.84
Kelso Farms, Desha	1936	97	7,982.00	37,911.55	126,000.00		5,421.86		377,847.81	577,850.81
Lake Dick, Jefferson & Arkansas	1936	111	8,765.00	127,700.00	190,912.17				702,710.04	892,682.21
Lateview, Lee & Phillips	1936	1939	57	2,954.00	100,450.00		151,391.47		151,031.84	254,488.84
Plum Bayou, Jefferson	1936	200	9,954.00	386,000.00					1,244,248.34	1,634,921.84
St. Francis River Farms, Poinsett	1936	86	3,956.00	122,000.00			124,371.28		88,733.93	163,733.93
Tomman Farms, Crittenden	1936	37	1,924.00	75,000.00			183,117.12		15,130.01	198,577.13
Trumann Farms, Poinsett	1936	57	2,224.00	80,360.00						565,816.99
Florida										
Escambia, Okaloosa	1936	81	13,072.94	1,800.00	62,846.20		171.05		500,908.74	521,172.79
Georgia										
Brier Patch Farms, Putnam	1936	1938	22	7,456.00	58,534.45		78,230.49		120,384.04	200,099.53
Plint River Farms, Macon	1936	116	12,634.31	260,128.20			215,977.11		13,545.00	467,483.22
Irwinsville, Irwin	1936	105	12,719.54	166,726.31			139,923.52		592,113.38	733,089.03
Wolf Creek, Grady	1936	24	2,219.36	26,435.97			93,887.49		113,027.75	206,915.24
Kentucky										
Sublimity Farms, Laurel	1936	66	593.00	51,200.00					334,218.44	368,624.85
Louisiana										
Maudie Farms, Madison & E. Carroll	1936	119	11,896.00	290,066.40			513,549.90		369,325.61	513,549.90
Torrebonne, Terrebonne	1936	73	6,217.00	115,178.60			369,325.61		518,368.84	803,616.30
Tracyville Farms, East Carroll	1936	163	9,702.00	329,271.50						817,640.34
Michigan										
Saginaw Valley Farms, Saginaw	1936	33	8,925.00	269,255.45			289,551.45		96,702.69	365,958.14
Minnesota										
Albert Lea Homesteads, Freeborn	1936	14	80.00	4,300.00			33,860.68			38,160.68
Mississippi										
Hinds Farms, Hinds	1936	81	5,413.00	62,470.93			36,805.68		193,948.35	232,014.03
Walden Farms, Hinds	1936	93	5,713.98	118,289.79			337,618.70		7,20	331,655.96
Milston Farms, Bolivar	1936	110	3,350.00	304,998.72			32,471.07		387,251.61	439,722.68
Missouri										
LaForge Farms, New Madrid	1936	101	6,706.00	315,027.30			229,561.61		224,945.78	454,507.39
Montana										
Kinsley Flats, Custer	1936	80	19,076.42	109,444.85			22,767.77		608,107.26	765,296.23
Nebraska										
Fairbury Homesteads, Jefferson	1936	11	163.00	13,750.00			10,353.43		13,792.46	54,115.87
Falls City Homesteads, Richardson	1936	10	515.00	53,782.00			37,990.26		10,453.16	104,531.52
Grand Island Homesteads, Hall	1936	10	1,051.00	10,510.00			1,051.00		1,051.00	1,051.00
Leopold Homesteads, Kearney	1936	11	1,330.00	13,300.00			1,330.00		1,330.00	1,330.00
Leopold Homesteads, Stanton	1936	11	792.00	33,862.00			33,862.00		33,862.00	33,862.00
Scottsbluff Homesteads, Scottsbluff	1936	23	642.66	88,106.40			78,103.87		65,280.15	143,413.62
South Sioux City Homesteads, Dakota	1936	22	240.30	17,042.00			65,169.37		17,124.41	87,60
Two Rivers, Douglas & Saunders	1936	10	1,570.00	104,905.00			215,388.75		132,783.07	378,246.82

SCATTERED FARMS--Continued

Project name and county	Development period	Famly units	Acres	Land cost			Other development cost			Total	Total capital investment
				Other Federal agencies	State corporation	Emergency relief	Other Federal agencies	State corporation	Emergency relief		
Missouri											
Cage Farms, Pettis	1936	86	8,686.13	206,811.00		218,191.60		64,862.21	186,188.06	591,050.27	976,055.87
Rehabilitation Demonstration Farms, Reno & 25	1935	15	4,571.85	86,702.14		86,702.14		57,913.83	842.71	59,233.66	115,935.80
Montana											
Farfield Bench Farms, Teton & Cascade	1936	129	12,722.00	19,200.00		125,677.30			752,070.50	752,536.31	1,178,213.01
Milk River Farms, Blaine & 2	1936	165	19,127.87			360,691.50		26,436.99	1,640,210.89	1,671,275.60	2,031,967.10
Nebraska											
Republic Valley Farmsteads, Harlan		1	88.00	7,000.00		7,000.00		154.19		154.15	7,154.15
New Mexico											
El Pueblo Grazing Project, San Miguel	1936	22	26,104.00	58,510.00		58,510.00		23,997.02		23,997.02	82,507.02
New Mexico Farms, De Baca	1936	2	1,111.00	4,623.10		69,673.32			121,257.80	123,011.00	193,011.38
New Mexico Scattered Farms, De Baca	1940	4	332.00	8,111.00		8,111.00		21.50		21.50	4,644.00
Silver City Farms, Grant								1,037.04		1,037.04	9,478.04
New York											
Finger Lake Farms, Cayuga & 1	1936	55	5,712.00			181,815.00			250,691.74	250,691.74	432,506.74
New York Valley Farms, Allegany & 8	1936	31	3,948.00			133,718.00			138,010.63	138,010.63	271,758.63
North Carolina											
North Carolina Scattered Farms, Alleghany & 7	1936	11	7,205.23	87,523.64		87,523.64		88,289.26		88,289.26	175,812.90
North Carolina Farm Tenant Security, Wayne & 1	1936	96	7,521.00			282,158.35			271,304.56	271,304.56	553,782.91
Wolf Pit Farms, Richmond	1936	35	4,120.00			157,395.99			117,101.97	117,101.97	274,497.96
North Dakota											
North Dakota Scattered Farms, McLean & 3	1936	2	372.98	6,432.92		6,432.92		3,337.76	800.00	3,337.76	9,770.68
Milk River Valley Farms, Cote & Trelle	1936	110	20,012.62	255,017.00		813,501.75		653.13	559,491.16	561,044.89	1,401,546.84
Ohio											
Scioto Farms, Rose & 3	1936	150	11,235.52	381,510.00		676,780.25		64,756.79	889,431.60	896,672.11	1,957,952.66
Oklahoma											
Eastern Oklahoma Farms, Osage & 3	1936	71	7,950.00	90,550.00		282,113.63		13,316.00	255,206.02	280,813.33	665,806.96
101 Ranch Farms, Payne & 3	1936	10	8,297.11	192,600.00		278,919.15		12.00	214,788.88	225,000.15	656,519.60
Oklahoma Farm Tenant Security, Garvin & 7	1936	55	8,579.57	70,631.10		272,916.26		10.00	209,217.71	209,227.71	558,805.37
Oregon											
Yonhill Farms, Polk & 2	1936	104	6,101.00			537,611.72			776,935.23	776,935.23	1,314,549.95
Pennsylvania											
Northampton Farms, Northampton	1936	6	737.00	104,280.00		104,280.00			144,183.53	144,183.53	118,163.53
Pennsylvania Farms, Bradford & 8	1936	37	3,795.00	111,300.00		111,300.00			119,765.18	119,765.18	261,065.18
South Carolina											
Allendale Farms, Allendale & 8	1937	117	1,395.00	209,397.32		209,397.32		379,556.13	4,858.10	391,350.55	600,717.87
South Carolina Farm Tenant Security, Aiken & 13	1936	59	6,594.00			182,029.59			273,094.23	273,214.23	455,273.82
South Carolina Scattered Farms, Union & 4	1936	18	1,511.00	32,350.90		32,350.90		35,561.96	1,055.83	36,617.99	68,968.99
South Dakota											
Eastern South Dakota Farms, Brookings & 2	1936	39	5,908.00	58,300.00		195,359.10			52,372.31	108,882.17	122,511.27
Spierlist, Laurence		2	2,011.00	30,000.00		30,000.00		113,956.83	2,233.51	2,233.51	32,233.51
Tennessee											
Coodlettsville, Davidson	1936	176.00		6,259.50		6,259.50		108.71		108.71	6,368.21
Tennessee Farm Tenant Security, Carroll & 4	1936	112	10,714.11	171,134.90		170,195.78		136,122.10	426,116.57	611,632.32	988,111.93
Texas											
Farmers Farm, Fannin	1936	38	4,252.00			108,908.94		3.00	182,757.73	182,760.73	271,669.67
Waco Colony, Limestone	1936	111	12,017.00	60,500.00		60,500.00		10,527.69		10,527.69	71,027.69
Texas Farm Tenant Security, Collins & 15	1936			528,074.17		528,074.17		27.00	163,599.19	163,599.19	991,640.36

SCATTERED FARMS--Continued

Project name and county	Development period	Family units	Acres	Land cost			Other development cost			Total	Total capital investment
				Other Federal agencies	State corporation	Emergency relief	Other Federal agencies	State corporation	Emergency relief		
Arkansas											
Arkansas Farm Tenant Security, Clark & 3	1936	1938	67	4,509.86						146,739.00	335,302.20
Central & West Arkansas Valley Farms, Conway & 9	1936	1939	85	7,347.01	98,201.62	56,780.21				154,981.83	205,110.46
Northwest Arkansas Farms, Benton & Washington			144	3,130.90		108,712.00				108,712.00	109,486.72
California											
Mendocino Resettlement Project, Mendocino & Santa Cruz	1936	1936	4	465.00	11,600.00					11,600.00	11,720.00
Colorado											
Colorado Scattered Farms, Mesa			1	15.61	1,101.85				8.60	1,101.85	1,110.45
Las Animas Farms, Las Animas			159.00		1,750.00				35.00	1,750.00	1,785.00
San Luis Valley Farms, Alamosa & Rio Grande	1936	1939	86	9,474.69	108,190.25	89,250.00			699.40	197,440.25	894,717.74
Western Slopes Farms, Delta, Mesa & Montrose	1936	1938	103	7,350.37	77,740.00	284,851.95			57,158.35	362,591.95	1,092,157.99
Florida											
Florida Scattered Farms, Jefferson & 2	1936	1939	69	8,138.00	100,695.12				182,985.65	100,695.12	791,993.42
Georgia											
Georgia Farm Tenant Security, Barrow & 32	1936	1938	106	11,003.00	222,250.31				46,530.63	222,250.31	669,525.17
Georgia Scattered Farms, Randolph & Polk	1936	1937	7	1,069.00	17,717.76				6,360.75	17,717.76	24,078.51
Greene County Project, Greene	1936	1939	125	19,493.00	198,865.00				144,981.66	198,865.00	343,846.66
Idaho											
Boundary Farms, Boundary	1936	1939	37	8,104.00						324,747.27	791,526.82
Idaho Scattered Farms, Ada & 16	1936	1936	87	1,279.00	110,756.77				39,019.79	110,756.77	149,816.56
Indiana											
Rehabilitation Demonstration Farms, Ripley & Jefferson	1936	1938	122	7,531.00	528,690.80				82,000.93	528,690.80	1,261,137.71
Iowa											
Kanawha Farms, Davies & 6			2	361.00	4,485.00				53.50	4,485.00	4,538.50
Kansas Scattered Farms, Jackson & 3	1936	1938	7	1,036.00	43,925.00					43,925.00	67,275.44
Northeastern Kansas Farms, Jackson & 3	1936	1938	26	1,738.00	151,685.11					151,685.11	242,992.55
Kentucky											
Christian-Tripp Farms, Christian	1936	1938	106	8,296.00	427,897.67					427,897.67	971,424.99
Louisiana											
Louisiana Farm Tenant Security, Bossier & 9	1936	1938	111	7,166.11	21,822.00					21,822.00	622,042.96
Maine											
State of Maine Farms, Androscoggin & 12	1936	1938	66	7,029.00	139,150.00					139,150.00	373,580.94
Michigan											
Au Sable Farms, Otsego	1937	1939	1	4,435.00	18,780.06				2,211.34	18,780.06	21,027.40
Cheboygan Farms, Cheboygan	1937	1939	3	323.00	7,510.00				8,318.41	7,510.00	15,856.41
Corporation Farms & Real Estate, Antrim & 8	1935	1939	18	911.00	29,763.38				6,061.73	29,763.38	35,825.11
Johannesburg Farms, Otsego & 11	1936	1937	15	1,598.00	49,620.00				6,061.73	49,620.00	54,923.21
Peterson Farms, Ionia & 10	1936	1938	73	6,449.00	101.00				33,467.17	101.00	34,818.17
Southern Michigan Farms, Ionia & 9	1936	1938	73	6,449.00	389,538.00				225,062.82	389,538.00	534,600.82
Minnesota											
Delaware Island Farms, Beltrami & 13	1935	1937	24	25,010.56	293,758.11				1,135.70	293,758.11	431,542.45
Eastland Minnesota Farms, Pope & 6	1936	1939	106	15,142.00	750,445.00				298.33	750,445.00	1,039,016.65
Minnesota Scattered Farms, Becker & Moorville	1936	1938	4	440.00	4,300.00				3,725.00	4,300.00	8,025.00
Thief River Falls Farms, Marshall & 2	1936	1938	111	17,104.00	978.20				3,000.00	978.20	3,978.20
Mississippi											
Mississippi Farm Tenant Security, Bolivar & 3	1936	1939	274	15,117.35	792,127.61				1,023,962.76	792,127.61	1,816,177.99
Mississippi Rehabilitation Farms, Laurel & 6	1936	1939	113	80.00	220.00				65.19	220.00	285.19
Northwest Mississippi Farms, Neshoba & 1	1936	1939	113	9,277.00	110,291.26				65.19	110,291.26	115,153.65

SCATTERED FARMS--Continued

Project name and county	Development period Started; completed	Family or units	Acreage	Land cost			Other development cost			Total	Total capital investment
				Federal agencies	State corporation	Emergency relief	Federal agencies	State corporation	Emergency relief		
Utah											
Sevier Valley Farms, Garfield & 5	1936	18	1,269.20		9,950.75	63,076.88		50.00	69,960.15	132.90	70,112.15
Winchester-Resttlement Project, Garfield & 4	1936	15	1,665.79		66,893.11	1,196.00		2,619.50	4,190.00		75,060.91
Virginia											
Colonial Acres, Matthews & 2			181.00		3,980.00			635.14		635.14	4,555.14
Washington											
Seabrook Farms, Seabrook & 2	1936	14	2,739.00						197,955.93		197,955.93
Washington Scattered Farms, Seabrook & 19	1934	129	5,830.00		116,166.83			29,116.27	2,500.00	99,365.73	237,472.93
Wisconsin											
Central Wisconsin Farms, Clark & 3	1936	73	6,782.00		2,550.00	381,100.00			191,022.19	146.00	191,318.19
Leavenworth-Crandon Farms, Bayfield & 3	1936	24	2,076.00			66,175.00			67,559.04		129,734.04
Langlade & Oneida Project, Langlade & Oneida			4,159.00		21,939.54						22,139.13
Wisconsin Scattered Farms, Monroe & 3		5	200.00		4,390.08			418.87		418.87	8,465.39
Vulcan Corporation, Forest			15.00		600.00			4,113.38		4,113.38	600.00
Total scattered farms		4,814	522,172.83		\$2,776,488.28	\$12,171,935.08	\$	\$93,034	\$2,088,762.52	\$210,307.61	\$20,270,066.19

FIG. 1 INCREASE IN GROSS INCOME OF FSA BORROWERS
COMPARED WITH THAT OF ALL FARMERS 1939 TO 1942

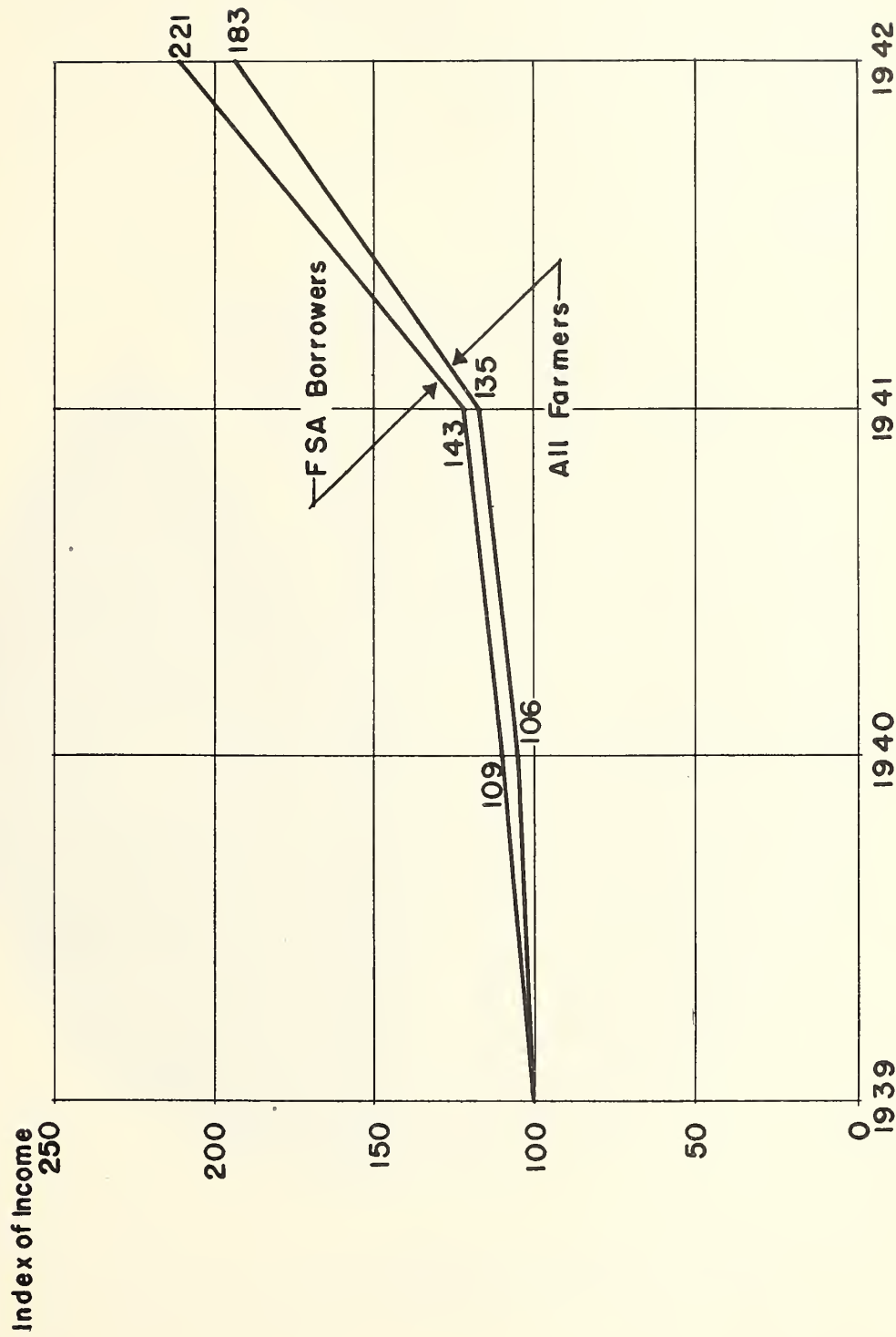
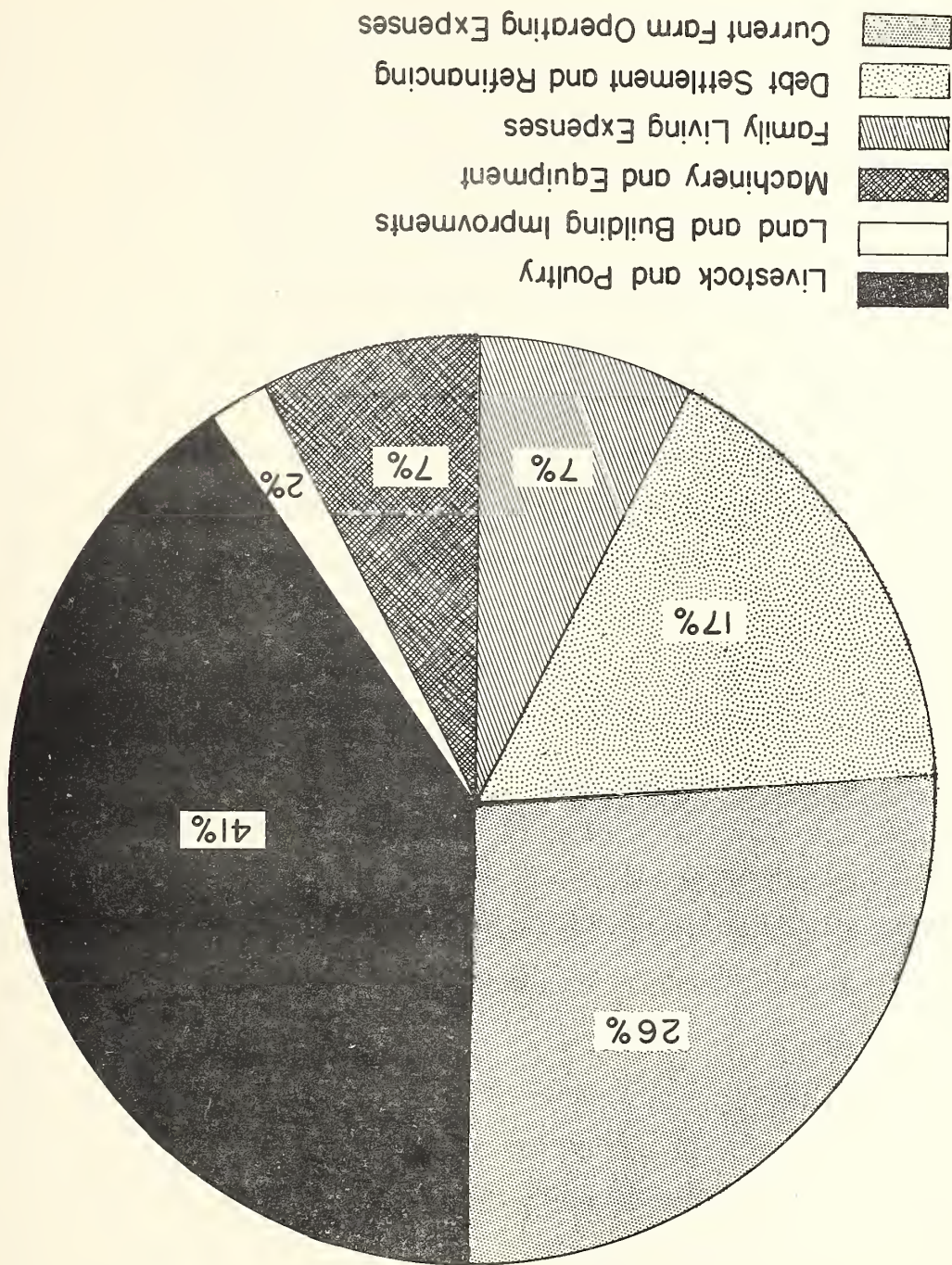


FIG. 2 HOW THE REHABILITATION LOAN DOLLAR IS SPENT.

Percent of Average Original Standard RR Loan
Spent for Different Purposes. *



*Based on a study by the Bureau of Agricultural Economics of loans made during the 1936-39 lending periods.

**FIG. 3 PRINCIPAL REPAYMENTS ON RURAL REHABILITATION LOANS
AS A PERCENT OF MATURED PRINCIPAL BY FISCAL YEARS**

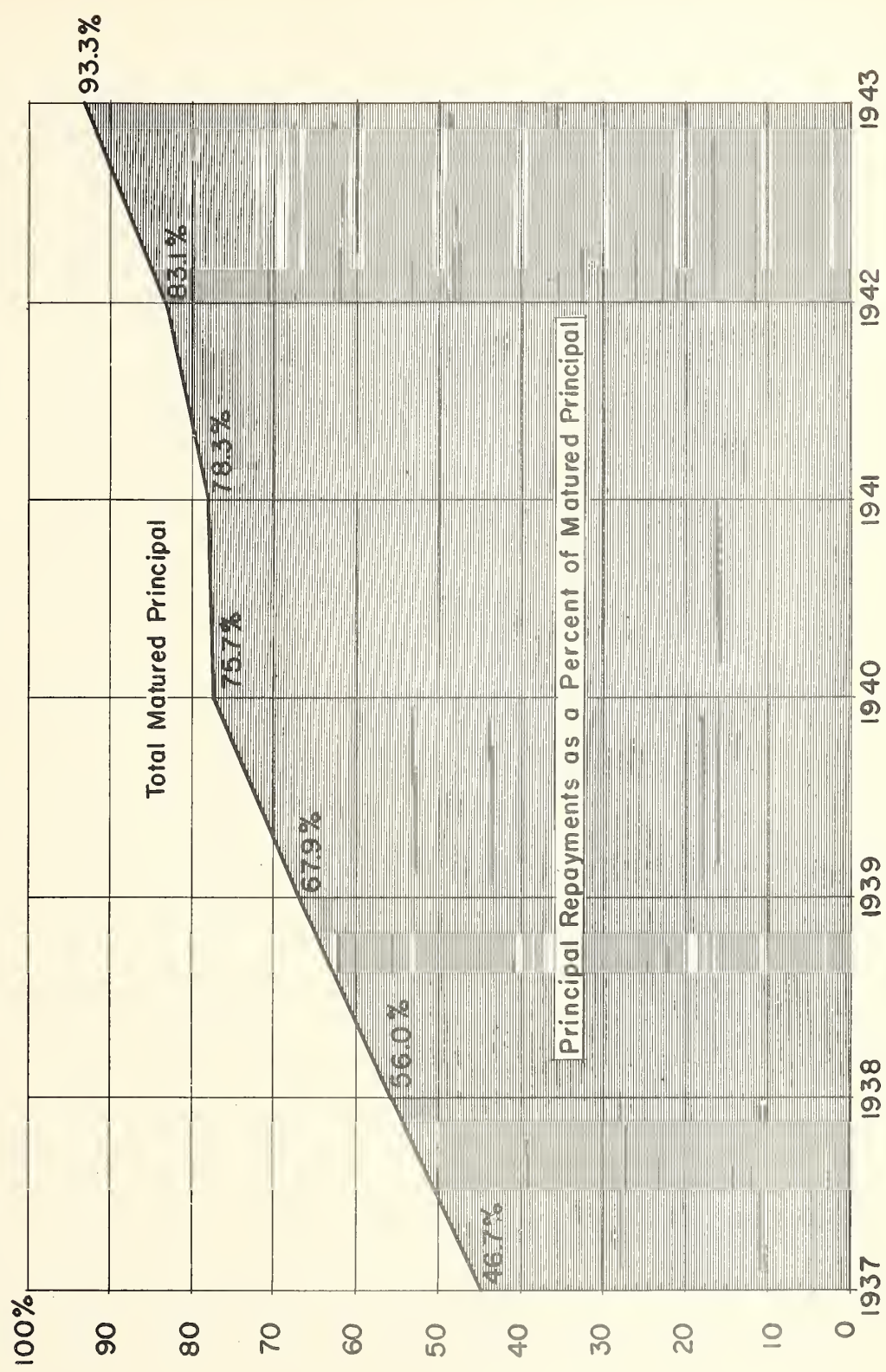
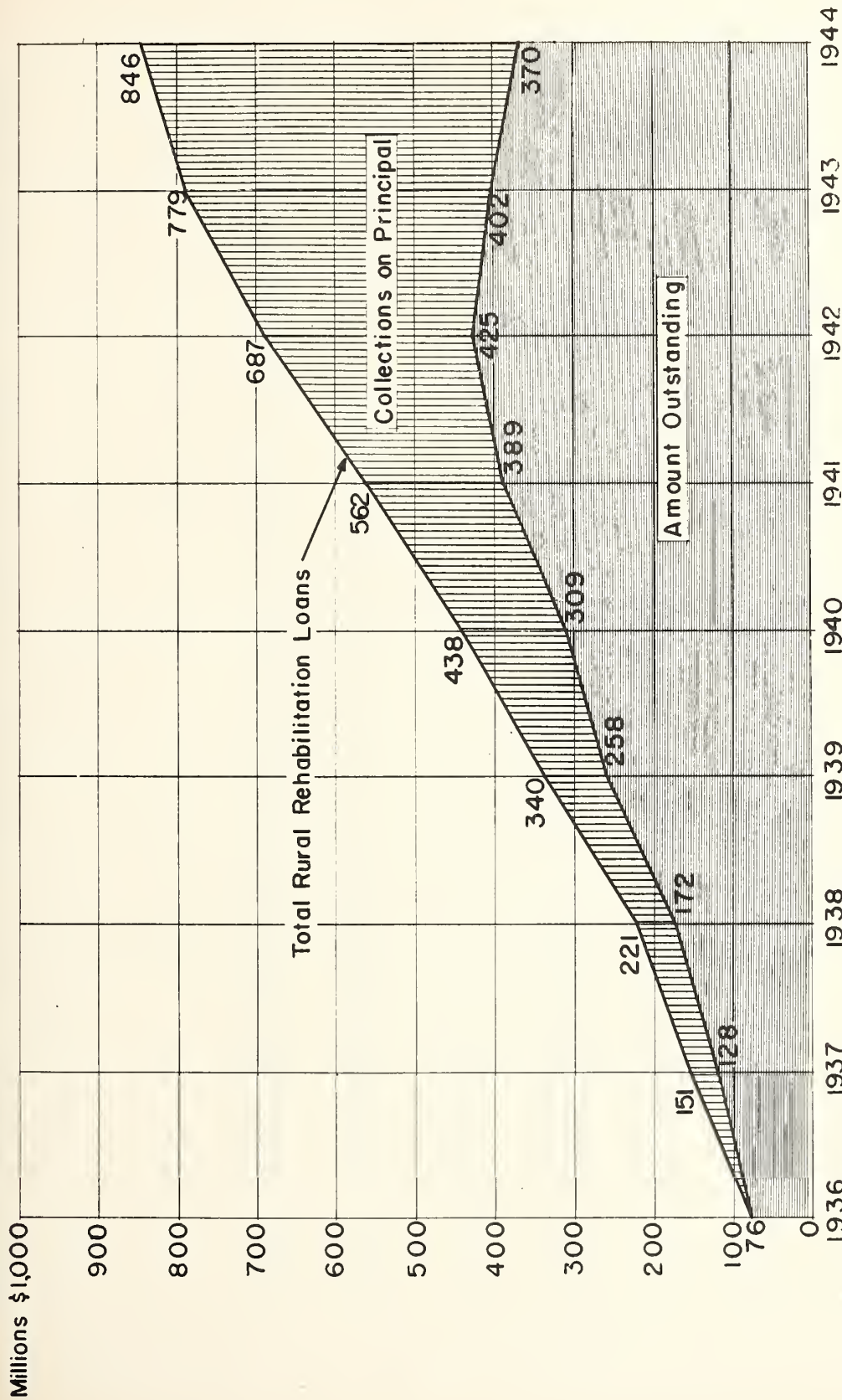


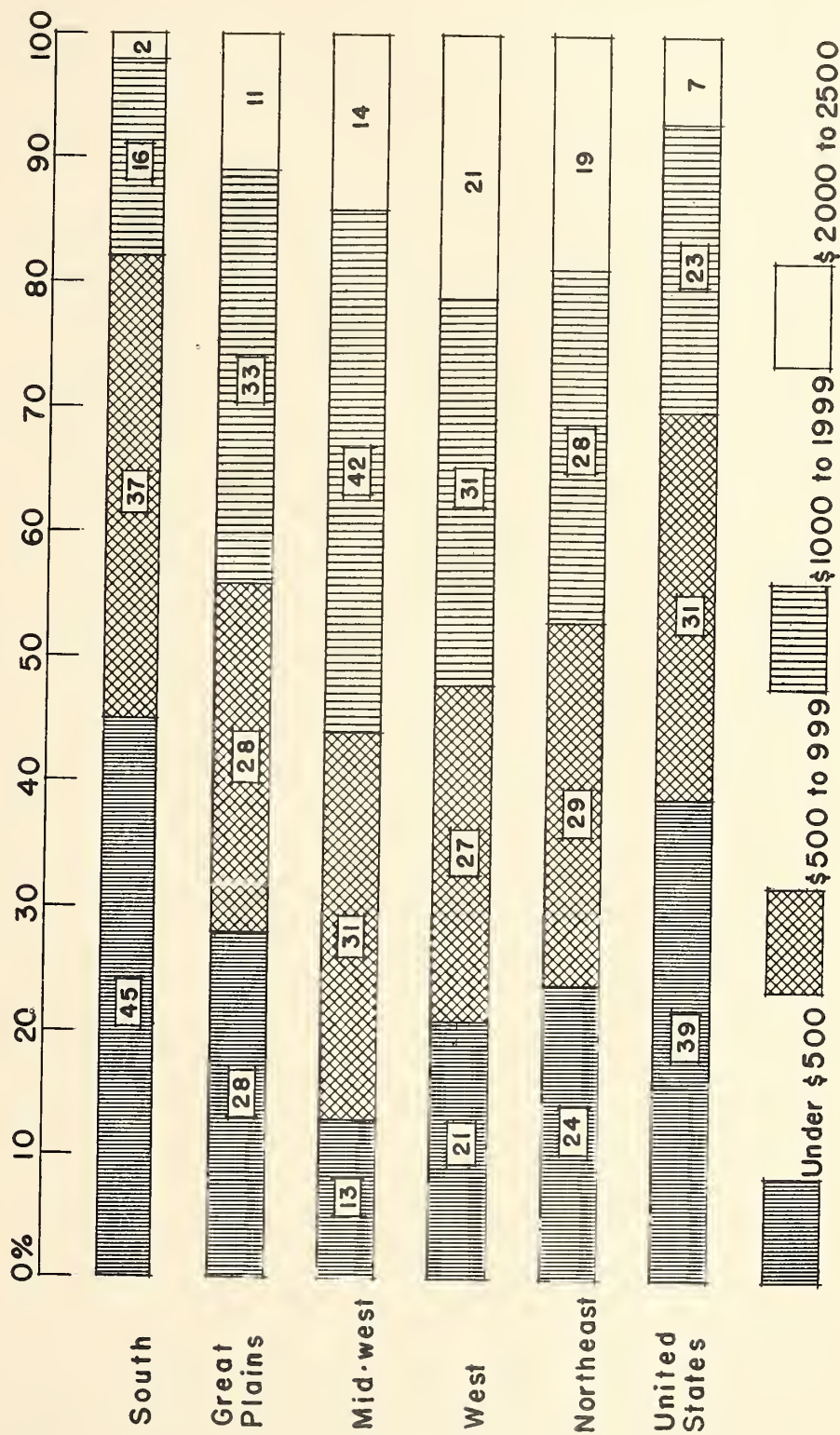
FIG. 4 RURAL REHABILITATION LOANS AND COLLECTIONS BY FISCAL YEARS



Note: In addition to the \$377,133,885 that had been collected on principal as of June 30, 1943, a total of \$49,085,380 had been collected as interest. Figures for fiscal year 1944 are estimated. Corporation Trust funds are omitted.

FIG. 5 PERCENTAGE OF REHABILITATION LOANS IN DIFFERENT SIZE GROUPS, BY AREAS

Shown for Original Standard Loans Made in 1943



(b) Farm Tenancy

Appropriated funds:

Appropriation Act, 1944	\$1,326,070
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+ 188,926
Total anticipated available, 1944	1,514,996
Budget estimate, 1945	1,500,000
Decrease	- 14,996

Authorization for borrowings from R.F.C. for loans:

Authorization, 1944	30,000,000
Authorization, Budget estimate, 1945	15,000,000
Decrease	-15,000,000

Net total funds available:

Anticipated, 1944	31,514,996
Estimate, 1945	16,500,000
Decrease	-15,014,996

PROJECT STATEMENT

Project	1943	1944 :(estimated):	1945 :(estimated):	Increase or decrease
1. Salaries and expenses ..	\$1,259,324:	\$1,512,352:	\$1,496,906:	-\$15,446 (1)
2. Loans - R.F.C. funds ...	31,270,454:	30,000,000:	15,000,000:	-15,000,000 (2)
Covered into Treasury in accordance with Public Law 674	40,790:	- -	- -	- -
Continuing transfers to other Departments (as shown in Budget schedules) :	2,346:	2,644:	3,094:	+450 (3)
Unobligated balance	189,400:	- -	- -	- -
Total available	32,762,314:	31,514,996:	16,500,000:	-15,014,996
Transfer in estimates in prior year to other appro- priations (as shown in Budget schedules)	+ 133,140:	- -	- -	:
Anticipated deficiency for overtime pay	- -	- 188,926:	- -	:
Total direct appropriations and loan authorizations .	32,895,454:	31,326,070:	16,500,000:	:

DECREASES

The decrease of \$15,014,996 in this item for 1945 consists of:

- (1) decrease of \$15,446 under the project "Salaries and expenses" representing a reduction resulting from economies effected in organization.

- (2) A decrease of \$15,000,000 under the project "Loans" representing a reduction of 2,712 in the estimated number of loans to be made during the fiscal year 1945.
- (3) An increase of \$450 under "Continuing allotments and transfers, etc." representing an increase in the amount of funds estimated by the Treasury Department to cover the disbursing service for the Farm Security Administration.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

Salaries and expenses: For necessary expenses in connection with the making of loans under title I of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937 (7 U.S.C. 1000-1006), and the collection of moneys due the United States on account of loans heretofore made under the provisions of said Act, including the employment of persons and means in the District of Columbia and elsewhere, exclusive of printing and [binding] binding, as authorized by said Act, but notwithstanding the limitation on administrative expenses in section 6 thereof. [\$1,326,070] \$1,500,000.

Loans: For loans to individual farmers in accordance with title I of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937 (7 U.S.C. 1000-1006), [\$30,000,000] \$15,000,000, which sum shall be borrowed from the Reconstruction Finance Corporation at an interest rate of 3 per centum per annum and which sum shall not be used for making loans under the terms of said Act for the purchase of farms of greater value than the average farm unit of thirty acres and more in the county, parish, or locality in which such purchase may be made, which value shall be determined solely according to statistics of the farm census of 1940 [: Provided, That the amount which is available to any State or Territory for making loans under such title I shall be distributed by the Secretary, in accordance with rules prescribed by him, among the several counties or parishes in such State or Territory, except that he shall not distribute to any such county or parish in excess of two times the amount which would be distributed to such county or parish were the entire amount available to the State or Territory distributed among the several counties or parishes in such State or Territory on the basis of farm population and the prevalence of tenancy, or an amount sufficient to make not more than five loans in any one State or Territory, whichever amount is the larger]: *** *

The first change in the language for "Salaries and expenses" is for the purpose of adding a comma following the word "binding" to correct the punctuation.

The second change in the language for "Salaries and expenses" is made to permit the appropriation of funds for salaries and expenses in excess of the present limitation which restricts the appropriation for salaries and expenses to 5% of the amount appropriated or authorized for loans. This change will permit this item to carry a more equitable portion of the servicing costs on outstanding loans.

The third change in the language under the paragraph for "Loans" is to delete the proviso requiring distribution of loan funds to counties and parishes within a State in relation to the prevalence of tenancy. In order to comply with this restriction, a considerable amount of paper work is required and in the interest of economy it is felt that this provision and the resulting work should be eliminated. This contemplated reduction has been taken into consideration in the estimate for salaries and expenses for the fiscal year 1945. Furthermore, in view of the reduction in the estimate to \$15,000,000 the need for this limitation appears to have been eliminated since the amount of funds allocated to each state will be greatly reduced as will the amounts available for the various counties.

Statement of Overtime Costs

	: 1943	: Est. 1944:	Est. 1945
Overtime absorbed	: \$74,953:	- -	: - -
Additional funds for overtime (appro-	:	:	:
priated, 1943; estimated supple-	:	:	:
mental, 1944; and included in	:	:	:
budget estimate, 1945)	: - -	: \$188,926:	\$185,053
	:	:	:
Total cost of overtime (7 months	:	:	:
in 1943)	: 74,953:	188,926:	185,053

WORK UNDER THIS APPROPRIATION

Objective: To promote the more secure ownership of farms and farm homes, to correct the economic instability resulting from some present forms of tenancy, and to bring together the capacities of the families and the capacities of farms in a manner which will make them a permanent and fully productive part of our agricultural economy.

The Problem and Its Significance: Between 1930 and 1940 the farm land operated in units of 1,000 acres or more increased from 28 percent to 34.3 percent. These large farms are the ones now in greatest need of labor and equipment, both of which are necessarily scarce in an economy geared to war production. The increase in large unit operations, concomitant with mechanization was accompanied by a decrease in the number of sharecroppers who largely were displaced downward into the day laborer class. The number of family-type farms decreased. The 1940 Census discloses that of 9,288,000 adult males on farms, 5,552,000 or 59.8 percent were non-landowners. Of these non-landowners, 3,191,000 were

farm laborers and 2,361,000 were tenants and sharecroppers. A careful analysis of the national agricultural economy cannot but lead to the conclusion that all the long-time factors that operated to develop tenancy to problem status remain inherent in the present situation.

In general, it is the owner-operated, family-type farm that is able to make the greatest contribution to the war effort. The reasons for this are simple: The owner-operated family-type farm (1) tends to utilize the maximum amount of the farm family's time, combining it with the maximum proportions of capital that can be efficiently handled; (2) does not require additional farm labor that is so scarce during this war emergency; and (3) brings to the enterprise the maximum security of tenure and the greatest incentive to produce in abundance. All over the country there are local labor shortages on larger-than-family-type farms, and all over the country there are thousands of man-hours of labor wasted on smaller-than-family-type farms with inadequate resources and equipment. The right balance, the proper utilization of labor available and the maximum incentive to produce are all characteristics of the family-type farm established by the farm ownership program. This is the deep-rooted, traditional American way of farming.

Establishing tenant farmers on family-type farms of their own is based on a very logical economic premise, namely, that tenants operating in inadequate units under insecure tenure arrangements are not only failing to produce to the extent to which they are capable, but also are failing to sustain themselves on an adequate level of living. In high tenancy areas throughout the country, tenant farms are smaller and less productive than owner farms.

Tenant farming has always been predominantly cash crop farming, and in large areas of the country tenants are engaged to a very considerable extent in the production of non-food crops. Although much can be done in aiding tenants to produce the war needed foods through planning, supervision, and improved leasing arrangements, nevertheless the impact of the war with its imperative demand on the agriculture of the Nation for maximum production of essential food has emphasized the advantages of the owner-operated, family-type farm in the national economy. Through the fuller use of family labor the family-type farm is relatively better able to adjust to maximum production in a time of critical labor and equipment shortages than farms operated on a larger scale. Then, too, the opportunity for ownership, which is so consistent with American tradition and ideals, affords additional incentive for the fullest possible production of farm products. By reason of these factors, the tenant purchase program not only serves "to promote more secure occupancy of farms and farm homes" and "to correct the economic instability resulting from some present forms of farm tenancy," as contemplated by the Bankhead-Jones Farm Tenant Act, but also contributes directly to the war effort through maximum production of food on the farms acquired with the proceeds of loans made under the Act for the purchase of farms.

It would appear to be wise and wholly in the Nation's interest that loans to farm tenants, farm laborers, and share-croppers to purchase family-type farms as authorized by Title I of the Bankhead-Jones Farm

Tenant Act be continued for the duration. Obviously, the present annual rate of making loans will not solve the total tenancy problem, but continuance of the program will serve to further demonstrate its effectiveness as a remedial approach and the borrowers who thereby become owners will unquestionably make an increased contribution to the war food supply and at the same time provide a constructive example to others who aspire to ownership. In the postwar period this program could be expanded to the extent practicable under conditions then prevailing in order to more fully achieve the objectives originally contemplated in the Act, and in addition to serve the highly important purpose of assisting eligible men mustered out of the military service, who formerly were farmers, to become securely established on family-type farms.

General Plan: The farm ownership program authorized by the Bankhead-Jones Farm Tenant Act has been in operation since 1937. Essentially the work under this program is to make productive farms available for purchase by tenants, sharecroppers, hired labor and other individuals whose capacity for farm management has been demonstrated.

Both the farm family and the farm itself are carefully appraised before any loan for the purchase of a farm is approved. The selection is made after consideration not only by the county supervisor and by the farm tenancy specialist and engineer, but by a local county committee composed of three farmers as provided by the terms of the Act. By this process of careful selection every reasonable prospect of success in the enterprise is assured. This appraisal is made on the basis of earning capacity using average long-time yields and prices for computing agricultural values.

After a family's application has been approved and a farm determined upon, a loan is made to cover the cost of land and buildings, and for necessary improvements. The loan is repayable under terms of a 40-year mortgage bearing 3% interest.

The work under this Act is not limited to the making of loans and the collection of payments, but includes the furnishing of farm management assistance to the new owner.

Examples of Progress and Current Program:

Loans: Since the passage of the Bankhead-Jones Farm Tenant Act in 1937, 33,559 loans totaling \$191,487,749 have been made as of June 30, 1943 to worthy farmers to enable them to purchase family-type farms of their own. Each year since the inception of the program, applications for Tenant Purchase loans have greatly exceeded the number which could be approved within the limits of available loan funds (see Table I). Section 4 of Title I of the Act provides that in making loans under this title, the amount which is devoted to such purpose during any fiscal year shall be distributed equitably among the several States and Territories on the basis of farm population and prevalence of tenancy, as determined by the Secretary. In accordance with this stipulation,

allocations have been computed each year on the basis of the most recent data available in the United States Census. The method of determining these State allocations is set out in Table II. The actual obligations by fiscal years are shown in Table III.

Size of Loans: The average size of loans has been \$5,721 for the 33,559 farms purchased during the six years this program has been in existence. As shown in Table IV, these loans range in average size from \$3,824 in Georgia to \$10,082 in Illinois. (See also Figure 1.) The average of the 5,144 Tenant Purchase loans made in the fiscal year 1943 was \$5,535.

Use of Loan Funds: During 1943 the average purchase price paid for the farm unit itself exclusive of improvements or repairs was \$4,354, or about \$33.75 per acre. Table V indicates the amount used by States for (a) purchase of farms; (b) land improvement; (c) buildings other than dwellings; and (d) dwellings, new and repairs. In accordance with legislative requirement, loans cannot be made for the purchase of farms of greater value than the average value of farms of 30 acres or more in the county or parish or locality in which the loan is to be made, as established by the 1940 Census. A maximum limit of \$12,000 for Tenant Purchase loans was initiated early in the program as a matter of administrative policy.

During the six years of the program to date, the average size of Tenant Purchase farms has been 132 acres. For the fiscal year 1943, the average size was 129 acres. The State averages ranged from a low of 54 acres in California where small intensive farms constitute effective units, to a high of 515 acres in North Dakota, where extensive grazing and grain farming enterprises prevail. (See Table VI.)

Collections: The Bankhead-Jones Farm Tenant Act contained the first legislative recognition by Congress that farming is a business characterized by low and high income fluctuations and that debt-paying ability rises and falls correspondingly. As a consequence, the Act provided for a variable payment plan for retiring the loan over a forty year period. In order to judge the payments of borrowers paying according to this plan, a method of comparing payments by variable payment borrowers with a fixed schedule of payments required to amortize their loans in forty years has been developed. The years 1941 and 1942 put to a crucial test the paramount question related to the workability of a variable-payment plan, viz., will borrowers pay more liberally on their farm debts at the end of a good year. The records of 1941 and 1942 payments indicate that they will do so.

If all borrowers operating under the variable payment plan had paid precisely the amount required annually to amortize their debts on the fixed payment basis, they would have paid in 1942, \$5,997,829; they actually paid \$9,303,978 or \$3,306,149 more in one year. This was one hundred and fifty-five percent of the fixed amount for 1942. This record payment brought the cumulative payment record of variable payment borrowers to 137 percent of the cumulative amount which would be required under a fixed schedule or 37 percent ahead of schedule. (See Table VII for information by States as of March 31, 1943.) In 1941, also a year of good

income, the payments by variable payment borrowers was 140 percent of schedule payments for that year. It is interesting to note that this excellent total record was compiled by only 75 percent of the 21,052 variable payment borrowers. The other 25%, however, are behind schedule \$217 on the average.

As of June 30, 1943, principal and interest in the amount of \$18,807,447 had become due from all borrowers of which \$18,500,605 (excluding un-applied), or 98.4 percent had been collected. In addition, there also had been collected \$4,248,258 as extra payments over and above the amount which had become due. Total collections amounted to \$24,496,036.

On June 30, 1943, out of 33,559 loans totaling \$191,487,749, 2,367 were delinquent in the total amount of \$306,842, averaging approximately \$129 per delinquent loan. The total principal amounts outstanding, an analysis of maturities and collections by States, and the amount of loan approvals and collections by fiscal years are shown in Tables VIII, IX, and X, respectively.

To continue the Tenant Purchase program for loans for the purchase of family-type farms by tenants, sharecroppers, and farm laborers as provided under Title I of the Act, a request is made for authorization to borrow \$15,000,000 from the Reconstruction Finance Corporation to be used for Tenant Purchase loans in the fiscal year 1945. This is 50 percent of the amount authorized for 1944 and would continue the same arrangement under which this loan program now functions.

It is estimated that this amount of money will enable the Farm Security Administration to make 2,712 loans during 1945 bringing the total number of new owners of family-type farms up to 41,685 by the close of that fiscal year. Table XI shows the distribution by States of the amount available in the fiscal year 1944 and the amount requested for the fiscal year 1945, together with the estimated number of loans that will be made in each State.

Salaries and Expenses: On the average, county committeemen who certify as to the eligibility of an applicant to receive a Tenant Purchase loan and as to the amount which the committee finds is the reasonable value of the farm to be acquired, perform services for this program for a total of about 20 days per year. Each member of the committee is allowed compensation at the base rate of \$3.00 per day while engaged in the performance of official duties. In addition, committee members are allowed \$1.50 per day for traveling and subsistence expenses. These committeemen also serve in a similar capacity under the rural rehabilitation program.

The applicant and prospective borrower is also provided with additional technical advice and services through qualified appraisers and engineers. An average of approximately one and one-half farms are appraised and inspected for each farm that is finally selected for purchase. It is, therefore, estimated that it will be necessary to appraise and inspect

more than 4,100 farms during the fiscal year 1945, in order to find suitable farms for the approximately 2,712 borrowers to whom loans will be approved.

In the past, the amount appropriated for this purpose has not been sufficient entirely to finance the salaries and expenses of all personnel engaged both full-time or part-time in connection with the Tenant Purchase program. Additional personal services required for administering the Tenant Purchase program, over and above that to be financed from this appropriation, has been and is expected to be supplied in 1945, in accordance with the authority contained in Section 41 of the Bankhead-Jones Act, by other bureaus and agencies in the Department of Agriculture, more specifically the Office of the Solicitor and the Farm Security Administration. However, as the volume of the Tenant Purchase program increases each year with the addition of new loan cases, the administrative and supervisory work involved greatly increases. Consequently, it has been necessary each year to draw more heavily upon personnel financed from other appropriations. In order that this program may carry more of its own operating and servicing cost the amount requested for salaries and expenses for farm tenancy exceeds five percent of the loan authorization although it represents a net decrease of \$14,996 under total estimated available funds for the fiscal year 1944.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table I Farm Tenancy: Number of Loan Applications and Number of Borrowers by Fiscal Years

State and territory (1)	Fiscal Year 1938		Fiscal Year 1939		Fiscal Year 1940		Fiscal Year 1941		Fiscal Year 1942		Fiscal Year 1943		Total number borrowers since inception as of 6/30/43 (14)
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
U. S. TOTAL	38,060	1,826	109,912	4,190	138,131	5,981	146,966	7,922	175,028	8,456	110,113	5,144	33,552
Alabama	5,048	175	18,621	345	13,652	557	14,906	681	13,192	676	9,256	425	2,859
Arizona	45	2	91	4	136	6	136	6	187	8	103	3	29
Arkansas	2,156	120	12,565	291	9,086	394	7,319	507	10,601	439	6,419	300	2,051
California	112	11	550	28	770	44	755	41	1,580	54	1,130	20	198
Colorado	306	13	369	26	627	27	837	34	1,233	36	784	27	163
Connecticut	30	1	15	3	37	3	57	1	41	3	34	2	13
Delaware	45	3	92	7	126	8	109	9	187	9	95	5	41
Florida	269	15	636	36	1,686	54	3,303	57	1,980	72	1,711	51	285
Georgia	4,536	177	12,766	375	13,380	632	15,422	839	15,641	850	11,935	571	3,444
Ideho	129	5	481	10	272	16	207	21	471	24	360	18	94
Illinois	748	34	1,913	81	2,523	115	3,171	155	5,109	171	2,948	80	636
Indiana	205	23	1,663	49	1,346	76	1,663	91	2,528	118	1,497	65	422
Iowa	573	36	946	84	3,289	152	4,011	194	5,626	192	2,864	140	798
Kansas	390	24	845	59	1,453	93	1,405	127	2,599	125	1,913	89	517
Kentucky	815	50	2,381	102	3,377	102	4,243	170	5,151	252	3,355	164	840
Louisiana	1,248	64	3,359	164	5,388	289	4,878	318	6,932	398	4,370	207	1,450
Maine	31	4	340	6	457	8	241	4	390	6	151	3	31
Maryland	29	6	116	21	274	29	441	27	404	34	309	23	140
Massachusetts	25	1	19	3	60	2	119	5	148	7	144	4	22
Michigan	156	17	239	40	435	47	793	78	1,255	80	1,084	52	314
Minnesota	510	29	783	65	1,431	102	1,788	131	1,933	132	1,477	83	542
Mississippi	2,439	175	9,547	405	9,374	540	7,976	657	10,414	764	8,827	219	2,760
Missouri	1,298	59	3,270	126	6,420	181	6,018	288	7,892	264	4,442	177	1,095
Montana	105	4	117	9	262	14	214	17	514	21	303	13	78
Nebraska	320	24	773	51	1,119	72	1,172	101	1,992	108	1,734	70	426
Nevada	15	1	31	1	14	1	14	1	34	1	18	1	6
New Hampshire	8	1	38	2	39	1	86	3	99	3	36	2	10
New Jersey	72	2	93	13	130	8	158	8	188	9	133	12	52
New Mexico	220	5	174	7	365	10	365	14	309	16	195	5	57
New York	634	13	609	36	855	53	1,119	49	1,442	80	807	37	268
North Carolina	1,057	96	5,964	270	8,725	319	8,301	563	9,841	680	7,118	399	2,327
North Dakota	199	15	549	39	808	58	960	77	1,223	87	963	66	342
Ohio	348	30	872	72	1,659	102	2,577	142	3,193	143	1,864	93	582
Oklahoma	1,051	81	3,546	182	9,318	240	7,593	356	12,014	338	5,273	267	1,464
Oregon	65	6	129	9	366	17	321	21	490	22	232	25	100
Pennsylvania	483	22	923	75	1,911	66	1,911	92	2,225	100	1,389	69	424
Rhode Island	5	0	12	1	21	1	5	0	3	0	1	0	2
South Carolina	2,550	119	7,434	230	3,993	368	5,181	475	9,998	473	5,168	264	1,929
South Dakota	121	19	411	33	374	61	1,042	77	1,462	88	804	61	339
Tennessee	1,604	83	6,310	178	9,771	211	10,216	304	8,026	445	4,686	242	1,433
Texas	3,212	159	7,653	376	16,473	510	17,816	597	17,963	518	8,168	374	2,534
Utah	133	2	120	8	235	8	261	8	343	6	287	39	34
Vermont	14	1	20	3	59	6	263	8	316	10	129	6	34
Virginia	451	43	2,116	104	2,855	109	2,762	172	2,686	194	1,637	121	743
Washington	272	7	456	17	946	22	601	27	799	25	202	17	115
West Virginia	240	19	1,490	29	788	45	1,282	76	1,633	115	961	70	354
Wisconsin	290	18	457	42	764	66	804	96	1,052	118	970	101	441
Wyoming	152	5	3	3	83	6	149	6	233	8	169	5	33
Hawaii	55	7	205	38	295	55	195	61	156	23	153	8	192
Puerto Rico	3,200	0	1,467	32	1,467	65	1,400	132	1,500	181	3,485	81	491

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SECURITY ADMINISTRATION

Table II
Farm Tenancy: Method of Determining the Percentage Distribution
for Allocating Loan Funds, by States

State and territory	Farm population 1940 a/	Percentage of tenancy 1940 b/	Farm population mul- tiplied by percentage of tenancy 1940 c/	Percentage of distribution of funds d/ (5)
U. S. TOTAL	31,782,907	38.591	12,351,408	100.0000000
Alabama	1,343,080	58.782	789,489	6.3918966
Arizona	114,448	11.588	13,262	0.1073742
Arkansas	1,113,102	53.279	593,050	4.8014734
California	670,426	19.146	128,360	1.0392317
Colorado	252,863	37.207	94,083	0.7617167
Connecticut	104,810	7.173	7,518	0.0608677
Delaware	45,974	32.566	14,972	0.1212160
District of Columbia	227	18.462	42	0.0003393
Florida	305,240	25.170	76,829	0.6220254
Georgia	1,367,627	60.107	822,040	6.6554315
Idaho	202,582	25.543	51,746	0.4189443
Illinois	978,907	43.095	421,860	3.4154806
Indiana	816,408	28.291	230,970	1.8699890
Iowa	930,810	47.574	442,824	3.5852068
Kansas	606,944	44.920	272,639	2.2073534
Kentucky	1,261,040	33.146	417,984	3.3841024
Louisiana	853,949	59.442	507,604	4.1096879
Maine	176,273	6.462	11,391	0.0922224
Maryland	245,623	26.107	64,125	0.5191699
Massachusetts	147,214	7.101	10,454	0.0846354
Michigan	870,832	16.952	147,623	1.1951951
Minnesota	914,609	32.337	295,757	2.3945212
Mississippi	66,240	66.240	929,441	7.5249817
Missouri	1,125,413	35.594	400,580	3.2431887
Montana	176,054	27.836	49,006	0.3967676
Nebraska	498,220	52.822	263,170	2.1306862
Nevada	15,862	14.42	2,291	0.0185468
New Hampshire	70,484	6.367	4,488	0.0363337
New Jersey	143,058	15.618	22,343	0.1808927
New Mexico	178,349	17.039	30,389	0.2460358
New York	730,453	12.754	93,152	0.7542620
North Carolina	1,659,477	44.372	735,343	5.9616124
North Dakota	327,943	45.127	147,991	1.1981697
Ohio	1,088,655	26.273	286,022	2.3157061
Oklahoma	930,412	54.440	506,516	4.1008786
Oregon	258,751	18.239	47,194	0.3820907
Pennsylvania	914,799	16.031	146,651	1.1873255
Rhode Island	17,308	10.252	1,774	0.0143661
South Carolina	916,612	56.110	514,310	4.1639819
South Dakota	307,318	52.996	162,866	1.3186046
Tennessee	1,275,582	40.278	513,779	4.1596787
Texas	2,159,548	48.914	1,056,321	8.5522334
Utah	104,658	13.286	13,905	0.1125771
Vermont	106,532	9.940	10,589	0.087334
Virginia	986,447	26.936	265,709	2.1512474
Washington	340,402	17.704	60,265	0.4879182
West Virginia	532,615	22.742	121,127	0.9806760
Wisconsin	882,938	22.989	202,979	1.6433641
Wyoming	72,892	24.224	17,657	0.1429583
Alaska	2,393	20.064	480	0.0038872
Hawaii	149,435	70.667	105,601	0.8549732
Puerto Rico	1,084,168	20.646	223,837	1.8122413

a/ 1940 Census of Population
b/ Number of tenant-operated farms divided
by number of all farms for each State;
c/ Total factor is sum of State factors.
d/ State factor divided by Column "4" total.
e/ Estimated by the Bureau of the Census.

Census of Agriculture, 1940.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table III

Farm Tenancy: Distribution of Loans, by States and by Fiscal Years 1/

State and Territory (1)	Fiscal Year (2)	Fiscal Year (3)	Fiscal Year (4)	Fiscal Year (5)	Fiscal Year (6)	Fiscal Year (7)	Fiscal Year (8)	Cumulative as of June 30, 1945 (9)
United States	\$ 8,914,202	\$ 23,248,756	\$ 36,010,026	\$ 5,737,591	\$ 16,306,613	\$ 31,270,454	\$ 91,487,749	
Alabama	593,855	1,490,169	2,348,946	2,789,656	2,531,373	2,073,647	11,826,646	
Arizona	45,266	150,965	45,257	28,049	22,928	20,000	189,457	
Arkansas	475,711	1,357,719	1,903,754	2,235,931	1,694,192	1,560,031	9,065,010	
California	79,907	226,012	368,465	469,330	320,456	234,525	1,410,155	
Colorado	73,791	169,515	268,556	361,324	366,732	247,505	1,567,821	
Connecticut	7,195	18,370	23,972	12,000	29,934	11,230	105,701	
Delaware	11,600	25,115	40,116	61,007	57,726	23,479	237,479	
Florida	59,115	151,814	237,268	241,186	257,886	229,132	1,113,769	
Georgia	606,285	1,846,248	2,520,184	3,161,587	3,168,499	2,143,937	13,469,160	
I Idaho	39,045	99,555	159,256	201,730	209,700	125,722	836,446	
Illinois	311,790	769,772	1,258,978	1,630,732	1,699,870	721,116	6,442,118	
Indiana	185,182	468,538	745,737	946,206	937,881	664,959	3,850,503	
Iowa	329,930	831,237	1,348,532	1,733,357	1,781,610	1,165,102	7,195,896	
Kansas	159,524	407,127	642,300	1,117,182	1,081,821	717,176	4,158,133	
Kentucky	322,530	81,778	874,490	1,161,866	1,662,943	1,081,109	5,922,236	
Louisiana	344,017	673,398	1,500,231	1,661,019	1,663,079	1,334,204	7,375,938	
Maine	8,750	12,047	28,572	39,373	37,115	29,572	162,137	
Maryland	11,100	111,490	175,762	228,517	237,619	166,919	958,167	
Massachusetts	4,200	17,261	9,710	34,066	39,480	26,705	131,562	
Michigan	109,060	281,216	447,106	568,512	591,035	389,320	2,368,579	
Minnesota	211,589	551,411	876,265	1,125,965	1,200,695	778,113	4,746,898	
Mississippi	586,617	1,163,622	2,452,284	3,065,940	3,204,911	2,318,290	13,095,694	
Missouri	314,112	806,283	1,278,088	1,640,317	1,650,459	1,011,873	6,671,432	
Montana	33,775	90,837	146,731	170,365	191,678	117,263	753,649	
Nebraska	191,122	469,600	760,422	1,019,348	1,020,232	691,879	4,175,903	
Nevada	1,525	3,905	6,222	7,977	7,750	6,025	33,424	
New Hampshire	3,650	9,775	10,240	12,608	12,532	11,769	60,571	
New Jersey	13,600	44,137	50,941	92,740	81,363	58,714	344,795	
New Mexico	23,985	63,101	101,655	132,691	110,480	133,070	671,582	
New York	72,199	192,909	276,868	364,698	363,568	241,313	1,511,945	
North Carolina	398,602	1,292,678	1,612,413	2,195,803	2,878,905	1,798,988	10,477,449	
North Dakota	90,775	237,541	441,490	528,412	589,163	388,944	2,219,575	
Ohio	223,811	573,876	901,818	1,139,052	1,150,950	751,115	4,744,655	
Oklahoma	426,026	1,080,594	1,720,410	2,175,298	2,039,230	1,332,493	8,779,351	
Oregon	37,130	95,115	119,825	189,126	182,581	122,274	775,361	
Pennsylvania	115,788	284,918	463,185	602,200	578,864	376,095	2,421,050	
Rhode Island	0	4,447	0	5,850	0	0	10,297	
South Carolina	393,945	995,355	1,583,337	2,022,226	1,978,624	1,353,293	8,326,780	
South Dakota	119,615	275,346	464,653	572,640	659,778	419,155	2,511,157	
Tennessee	401,493	1,058,322	1,420,092	1,503,903	2,039,600	1,311,016	7,734,426	
Texas	902,998	2,335,345	3,719,707	4,731,230	4,294,644	2,773,509	18,757,633	
Utah	12,600	36,205	57,856	70,190	49,085	36,595	262,521	
Vermont	8,800	22,950	37,452	46,816	41,111	27,613	185,132	
Virginia	192,646	537,500	722,580	877,017	969,767	647,978	3,917,188	
Washington	16,245	117,406	136,406	283,944	239,979	136,859	958,859	
West Virginia	91,035	197,162	279,370	322,632	486,981	298,254	1,675,534	
Wisconsin	131,520	327,950	516,175	681,101	822,887	533,932	3,016,165	
Wyoming	11,950	29,750	46,775	62,674	71,165	46,160	268,974	
Hawaii	25,150	175,891	289,429	395,434	106,775	118,168	1,111,647	
Puerto Rico	16,023	310,845	708,156	707,969	566,229	2,159,241		

1/ Loan obligations, Title I, Farm Tenant Act, including supplemental loans to prior year borrowers.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table IV Farm Tenancy: Distribution of Loans by States

State and territory (1)	Fiscal years 1928-29-30-31-32			Fiscal year 1933			Fiscal years 1938-39-40-41-42-43		
	Number of borrowers (2)	Average per borrower (3)		Number of new borrowers (4)	Average per borrower (5)		Number of borrowers (6)	Average per borrower (7)	
U. S. TOTAL	28,125	\$ 5,755		5,114	\$ 5,335		23,552	\$ 5,721	
Alabama	2,124	4,110		425	4,115		2,859	4,137	
Arizona	26	6,151		3	9,817		28	6,133	
Arkansas	1,753	4,518		300	3,814		2,052	4,420	
California	178	9,597		20	10,091		198	9,647	
Colorado	136	10,075		27	9,093		163	9,912	
Connecticut	11	8,316		2	7,115		13	8,131	
Delaware	76	5,559		5	7,974		11	5,853	
Florida	234	3,979		51	3,966		285	3,977	
Georgia	2,873	3,836		571	3,763		3,144	3,824	
Idaho	76	9,565		18	6,194		94	8,919	
Illinois	556	10,259		80	8,954		636	10,082	
Indiana	357	9,209		65	9,275		422	9,219	
Iowa	658	9,168		110	8,312		798	9,017	
Kansas	428	9,075		89	6,518		517	8,635	
Kentucky	676	7,117		164	6,654		840	7,050	
Louisiana	1,243	5,062		207	5,236		1,450	5,087	
Maine	28	5,044		3	9,289		31	5,156	
Maryland	117	6,738		23	7,336		110	6,816	
Massachusetts	18	5,678		4	7,316		22	5,981	
Michigan	262	7,614		52	7,516		314	7,623	
Minnesota	459	8,646		83	9,376		512	8,758	
Mississippi	2,541	4,659		219	5,744		2,760	4,715	
Missouri	918	6,245		177	5,100		1,095	6,109	
Montana	65	10,048		13	7,732		78	9,662	
Nebraska	356	9,827		70	9,679		426	9,803	
Nevada	5	8,560		1	6,025		6	8,138	
New Hampshire	8	6,114		2	5,710		10	6,057	
New Jersey	40	8,587		12	4,980		52	7,755	
New Mexico	52	8,280		5	8,370		57	8,288	
New York	231	5,414		37	6,877		268	5,642	
North Carolina	1,928	4,511		399	4,475		2,327	4,505	
North Dakota	276	6,750		66	5,857		312	6,578	
Ohio	489	8,182		93	7,997		592	8,152	
Oklahoma	1,197	6,213		287	4,578		1,464	5,997	
Oregon	75	8,714		25	4,874		100	7,754	
Pennsylvania	355	6,089		69	5,660		424	6,019	
Rhode Island	2	5,118		0	0		2	5,119	
South Carolina	1,665	4,291		264	4,478		1,929	4,317	
South Dakota	278	7,514		61	6,923		339	7,408	
Tennessee	1,191	5,152		212	5,129		1,423	5,397	
Texas	2,160	7,136		374	7,211		2,534	7,402	
Utah	32	7,010		7	9,104		39	7,410	
Vermont	26	5,303		6	6,108		34	5,445	
Virginia	622	5,237		121	5,395		713	5,313	
Washington	90	8,368		17	8,164		115	8,336	
West Virginia	284	1,861		70	4,216		354	4,733	
Wisconsin	306	7,509		101	6,685		441	7,166	
Wyoming	28	9,075		5	8,142		33	9,042	
Hawaii	184	5,883		8	7,270		192	5,946	
Puerto Rico	410	4,951		81	5,300		491	5,009	

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table 1 Farm Tenancy Loans: Number of Borrowers, Amount of Loans by Type of Expenditure, Fiscal Year 1943

State and territory (1)	Number of borrowers (2)	Amount borne by borrowers (3)	Amount of loans by type of expenditure				
			Purchase of farm and incidental costs (4)	Land improvement (5)	Buildings other than dwellings (6)	Dwellings New (7) Repairs (8)	
U. S. TOTAL	5,114	\$17,057	\$22,338,538	\$1,352,120	\$1,025,734	\$1,939,261	\$1,434,801
Alabama	425	0	1,110,101	72,615	316,322	142,114	52,165
Arizona	3	975	17,525	167	1,110	868	0
Arkansas	300	0	1,069,093	55,167	292,113	115,939	17,371
California	20	275	155,306	10,171	36,290	14,185	18,373
Colorado	27	1,000	195,073	7,651	26,556	2,286	15,919
Connecticut	2	0	10,068	174	2,963	0	1,025
Delaware	5	0	26,070	675	8,195	0	4,155
Florida	51	0	109,163	13,189	31,113	11,114	7,200
Georgia	571	0	1,269,656	112,756	287,128	365,309	128,108
Idaho	18	0	107,221	1,832	12,223	1,336	3,110
Illinois	80	0	601,605	12,181	57,711	1,560	18,079
Indiana	65	2,940	522,395	16,617	17,903	19,615	19,615
Iowa	110	713	1,012,931	10,225	83,061	979	27,923
Kansas	89	1,089	593,363	7,215	76,133	12,295	27,870
Kentucky	164	0	797,525	88,039	111,919	23,650	62,916
Louisiana	207	0	912,322	99,697	194,219	87,910	10,026
Maine	3	0	17,780	308	10,227	0	1,257
Maryland	23	0	121,812	3,152	28,994	1,263	11,118
Massachusetts	4	0	21,120	0	1,815	2,040	1,490
Michigan	52	885	312,632	7,956	13,999	1,601	22,132
Minnesota	83	2,068	686,361	3,961	67,308	0	20,183
Mississippi	219	0	1,612,123	112,123	399,076	6,000	128,532
Missouri	177	1,733	769,036	63,830	127,681	237	51,089
Montana	13	0	84,156	811	15,911	5,812	10,180
Nebraska	70	104	595,589	6,909	56,551	2,117	30,113
Nevada	1	0	6,025	0	0	0	0
New Hampshire	2	0	8,031	72	2,890	13	710
New Jersey	12	0	12,911	758	11,981	101	2,927
New Mexico	5	0	35,929	1,275	1,208	0	1,658
New York	37	0	183,165	2,512	13,811	2,632	8,933
North Carolina	399	21	1,055,107	107,017	277,139	155,594	203,831
North Dakota	66	173	275,823	6,775	66,021	229	10,116
Ohio	93	1,000	603,162	28,152	85,938	595	34,668
Oklahoma	287	0	1,108,110	27,267	113,251	9,818	13,717
Oregon	25	0	93,781	1,206	18,994	0	5,203
Pennsylvania	69	35	292,261	5,810	56,971	2,575	18,175
Rhode Island	0	0	0	0	0	0	0
South Carolina	264	150	807,636	29,555	139,265	235,751	91,086
South Dakota	61	1	330,039	6,072	58,564	4,370	20,110
Tennessee	242	1,165	770,321	91,225	194,730	160,378	91,259
Texas	374	1,300	2,230,896	101,889	239,951	68,172	69,301
Utah	7	185	23,133	193	8,006	5,060	193
Vermont	6	15	22,633	261	2,858	221	1,667
Virginia	121	0	128,820	12,186	75,310	15,036	56,926
Washington	17	100	111,945	1,193	19,315	1,038	2,320
West Virginia	70	0	134,993	28,087	39,508	11,097	24,669
Wisconsin	101	385	142,679	22,660	60,555	0	23,938
Wyoming	5	125	31,286	2,612	6,116	4,191	1,915
Hawaii	8	0	140,507	6,286	52,117	149,558	0
Puerto Rico	81	0	143,611	29,810	0	92,718	0

Table II—Farm Tenancy: Size of Farms by States, Fiscal Year 1943

State and territory (1)	Average acreage of all farms of 30 acres or more in 1940 (2)	Number of borrowers during 1943 fiscal year (3)	Average acreage borrower purchased (4)	Percent of Farms by Acreage Group					
				Under 30 acres (5)	30-69 acres (6)	70-99 acres (7)	100-179 acres (8)	180-379 acres (9)	380 acres and over (10)
U. S. TOTAL	227	5,144	129	46	17.2	26.6	10.0	12.9	2.7
Alabama	109	425	90	.0	19.5	19.7	28.9	1.9	.0
Arizona	201	3	60	.0	33.3	66.7	.0	.0	.0
Arkansas	116	300	86	1.4	34.6	38.3	22.3	3.4	.0
California	470	20	54	.0	80.0	20.0	.0	.0	.0
Colorado	736	27	310	.0	3.7	11.1	22.2	18.2	14.8
Connecticut	112	2	243	.0	50.0	.0	.0	.0	50.0
Delaware	126	5	193	.0	.0	.0	40.0	60.0	.0
Florida	225	51	144	.0	5.9	13.7	58.8	19.6	2.0
Georgia	129	571	130	.0	7.4	27.8	48.8	15.6	.4
Idaho	289	18	154	.0	27.8	36.9	22.2	11.1	.0
Illinois	167	80	112	.0	5.0	11.2	61.3	22.5	.0
Indiana	131	65	102	.0	1.5	55.4	35.4	7.7	.0
Iowa	176	110	154	.0	.7	6.4	75.0	17.2	.7
Kansas	340	89	212	.0	.0	2.2	37.1	17.2	13.5
Kentucky	112	164	108	.0	11.6	33.5	51.9	3.0	.0
Louisiana	117	207	97	.5	39.6	23.7	25.6	10.1	.5
Maine	130	3	201	.0	.0	33.3	33.4	33.3	.0
Maryland	137	23	134	.0	.0	21.7	60.9	17.4	.0
Massachusetts	114	4	92	25.0	25.0	25.0	25.0	.0	.0
Michigan	113	52	117	1.9	13.4	34.6	44.3	5.8	.0
Minnesota	178	83	169	.0	1.2	3.6	61.5	28.9	4.8
Mississippi	115	219	78	1.8	51.2	29.7	16.0	1.3	.0
Missouri	157	177	153	.0	1.7	12.4	58.2	27.1	.6
Montana	1,196	13	172	.0	.0	15.4	53.8	30.8	.0
Nebraska	419	70	199	.0	.0	5.7	61.4	18.6	11.3
Nevada	1,331	1	80	.0	.0	100.0	.0	.0	.0
New Hampshire	143	2	186	.0	50.0	.0	.0	50.0	.0
New Jersey	122	12	91	8.3	16.7	50.0	16.7	8.3	.0
New Mexico	1,704	5	200	.0	.0	60.0	.0	20.0	20.0
New York	138	37	136	.0	.0	13.5	75.7	10.8	.0
North Carolina	96	399	86	2.2	32.6	32.6	28.6	4.0	.0
North Dakota	523	66	515	.0	.0	1.5	3.0	30.3	65.2
Ohio	117	93	104	.0	.0	53.8	44.1	2.1	.0
Oklahoma	220	267	155	.0	4.9	12.7	55.1	20.6	6.7
Oregon	448	25	65	4.0	48.0	36.0	12.0	.0	.0
Pennsylvania	110	69	122	.0	4.3	24.6	58.0	13.1	.0
Rhode Island	116	0	0	.0	.0	.0	.0	.0	.0
South Carolina	119	264	104	.0	27.7	31.4	36.7	3.8	.4
South Dakota	564	61	437	.0	.0	.0	18.0	45.9	36.1
Tennessee	108	342	114	1.6	12.0	36.3	40.9	8.8	.4
Texas	407	374	160	0.3	3.7	17.1	46.8	28.6	3.5
Utah	118	7	91	.0	42.0	29.0	29.0	.0	.0
Vermont	183	6	191	.0	.0	.0	33.3	66.7	.0
Virginia	136	121	127	.0	12.4	22.3	56.2	9.1	.0
Washington	353	17	88	11.8	29.4	29.4	17.6	11.8	.8
West Virginia	125	70	134	.0	14.2	20.0	48.6	17.1	.0
Wisconsin	132	101	130	.0	3.0	37.6	52.5	6.9	.0
Wyoming	2,006	5	398	.0	.0	.0	40.0	40.0	20.0
Hawaii	0	8	27	50.0	37.5	12.5	.0	.0	.0
Puerto Rico	0	81	44	.0	100.0	.0	.0	.0	.0

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table VII Actual Payments Compared With Fixed Payment Schedule of Tenant Purchase Borrowers on Variable Payment Plan, Cumulative as of March 31, 1945

State and Territory (1)	Number of Borrowers on Variable Payment Plan (2)	Actual Payments (3)	Fixed Payment Schedule (4)	Net Amount Ahead or Behind Schedule (5)	Per Cent Ahead or Behind Schedule (6)
U. S. TOTAL	21,052	\$14,191,820	\$10,337,430	\$3,854,389	31.24
Alabama	2,111	905,992	654,280	51,712	6.0
Arizona	15	12,172	10,260	1,912	18.6
Arkansas	1,054	385,127	328,502	56,625	17.2
California	153	178,660	153,640	25,020	16.2
Colorado	123	217,085	175,072	42,013	23.9
Connecticut	1	0	0	0	-9.6
Delaware	11	1,270	1,406	-136	13.9
Florida	178	69,671	61,118	8,553	16.1
Georgia	2,127	738,908	636,177	102,731	56.3
I Idaho	57	177,727	113,651	64,076	35.6
Illinois	379	451,781	333,002	118,779	55.3
Indiana	284	355,685	228,891	126,794	87.0
Iowa	321	286,058	152,891	133,167	29.9
Kansas	418	646,395	497,554	148,841	81.8
Kentucky	637	550,506	302,714	247,792	-16.8
Louisiana	680	171,904	206,827	-34,923	-11.0
Maine	20	7,222	8,121	-899	4.5
Maryland	54	18,742	17,929	813	2.4
Massachusetts	9	3,344	3,265	79	47.3
Michigan	205	150,606	102,177	48,429	115.8
Minnesota	375	548,242	254,026	294,216	-13.1
Mississippi	1,598	381,448	439,424	-57,976	33.3
Missouri	737	509,990	382,357	127,633	29.272
Montana	58	110,849	81,577	29,272	45.8
Nebraska	303	782,541	536,474	246,067	-96.9
Nevada	1	11	353	-342	-80.5
New Hampshire	5	442	2,275	-1,833	-12.2
New Jersey	23	8,031	9,156	-1,125	85.9
New Mexico	44	68,646	36,320	32,326	19.6
New York	178	75,368	62,377	12,991	59.0
North Carolina	1,504	743,540	467,360	276,180	60.0
North Dakota	260	625,528	390,537	234,991	28.0
Ohio	228	151,622	118,289	33,333	50.7
Oklahoma	1,002	641,772	425,752	216,020	11.4
Oregon	63	59,718	53,580	6,138	17.2
Pennsylvania	229	112,680	96,123	16,557	-8.1
Rhode Island	1	530	577	-47	25.2
South Carolina	1,114	451,254	360,217	91,037	42.8
South Dakota	241	422,455	295,829	126,626	60.3
Tennessee	1,113	844,620	526,893	317,727	52.6
Texas	1,793	1,496,234	980,172	516,062	18.0
Utah	22	17,752	15,016	2,736	-11.2
Vermont	24	8,682	9,784	-1,102	25.4
Virginia	543	354,582	282,655	71,927	17.7
Washington	63	56,439	47,919	8,520	-11.166
West Virginia	234	74,848	86,012	-11,164	122.2
Wisconsin	280	205,472	92,425	113,047	23.6
Wyoming	16	17,438	14,099	3,339	14.4
Hawaii	163	92,422	80,755	11,667	

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table VIII

Amount of Tenant Purchase Loans Outstanding As of June 30, 1943 by States 1/

State and Territory (1)	Amounts Outstanding (2)	State and Territory (3)	Amounts Outstanding (4)
U. S. TOTAL	\$160,737,359.77		
Alabama	9,103,121.17	Nevada	\$ 26,327.31
Arizona	171,874.41	New Hampshire	54,179.03
Arkansas	6,988,694.55	New Jersey	314,982.83
California	1,675,593.94	New Mexico	371,651.13
Colorado	1,363,276.38	New York	1,328,591.45
Connecticut	90,038.76	North Carolina	8,680,367.80
Delaware	196,172.39	North Dakota	1,743,510.99
Florida	903,091.48	Ohio	4,229,835.92
Georgia	11,003,895.86	Oklahoma	7,706,877.32
Idaho	630,956.77	Oregon	711,953.44
Illinois	5,706,175.61	Pennsylvania	2,033,541.97
Indiana	3,422,714.72	Rhode Island	10,238.02
Iowa	6,604,530.20	South Carolina	6,723,473.93
Kansas	3,921,000.24	South Dakota	2,134,232.40
Kentucky	5,149,806.95	Tennessee	6,272,749.42
Louisiana	5,742,958.25	Texas	16,502,070.82
Maine	125,235.49	Utah	206,656.62
Maryland	774,414.56	Vermont	173,867.71
Massachusetts	102,986.81	Virginia	3,346,721.27
Michigan	2,098,863.03	Washington	842,892.44
Minnesota	4,088,014.66	West Virginia	1,467,525.70
Mississippi	10,111,313.33	Wisconsin	2,629,422.09
Missouri	5,955,701.95	Wyoming	228,807.44
Montana	619,503.66		
Nebraska	3,641,997.44	Hawaii	944,035.75
		Puerto Rico	1,890,914.36

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table IV Farm Tenancy: Loans, Maturities, Collections and Delinquencies Cumulative as of June 30, 1943 1/

(1)	Cumulative		Maturities 2/		Collections		Delinquencies		Percent ratio of			
	Number	Amount	Principal and Interest	(4)	Principal Repayments	Interest Payments	Extra Principal Repayments	Unapplied Collections	Total Collections	Number	Amount	Principal and Interest
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
United States Total												
Alabama	33,559	191,487,749	18,807,447	10,386,859	8,113,746	4,248,258	1,717,173	24,196,936	2,357	306,842	98.4	
Arizona	2,859	11,826,646	908,762	423,752	471,708	523,007	11,759	1,430,226	166	13,302	98.5	
Arkansas	2,951	189,457	15,657	1,394	311,585	272,370	3,958	21,358	6	976	98.8	
California	198	9,065,010	701,571	311,055	371,585	272,370	172,241	1,138,951	197	18,911	97.3	
Colorado	163	1,910,155	174,589	94,254	75,122	15,170	52,357	286,903	14	5,213	97.0	
Connecticut	13	1,547,821	179,646	106,177	71,797	17,378	60,497	255,849	3	1,672	99.1	
Delaware	13	105,701	5,225	1,364	3,958	668	519	6,409	1	3	99.9	
Florida	11	239,979	12,678	4,088	8,590	324	0	13,002	0	0	100.0	
Georgia	285	1,133,379	80,476	34,593	40,457	54,324	389	130,736	42	5,026	93.4	
Idaho	3,414	13,168,766	1,054,761	477,980	594,173	566,194	10,890	1,594,237	186	17,608	98.3	
Illinois	94	835,446	125,546	87,843	36,307	24,188	61,534	209,572	6	1,596	98.9	
Indiana	636	6,442,347	796,706	459,426	322,611	81,166	8,574	871,777	59	14,669	98.2	
Iowa	422	3,890,502	521,985	319,300	136,553	34,865	4,767	555,985	22	5,632	98.9	
Kansas	798	7,195,898	857,331	483,795	370,839	65,436	94,896	1,015,321	20	2,682	99.7	
Kentucky	517	4,458,133	520,189	328,531	135,349	61,511	104,291	635,782	30	6,309	98.8	
Louisiana	840	5,922,236	789,378	493,235	293,047	75,030	3,230	864,542	13	3,096	99.6	
Maine	1,450	7,375,938	343,601	118,859	210,689	117,270	78,809	525,627	143	14,053	95.9	
Maryland	31	162,437	12,024	6,090	4,608	52	5,759	16,509	2	1,326	89.0	
Massachusetts	140	955,467	57,471	19,593	32,320	651	651	65,235	21	5,558	90.3	
Michigan	22	131,592	5,183	1,634	3,549	226	609	6,018	0	0	100.0	
Minnesota	344	2,386,578	247,744	140,264	135,694	21,158	45,080	312,196	12	1,786	99.3	
Mississippi	542	4,746,897	734,517	484,906	247,099	148,690	92,651	873,339	13	2,822	99.7	
Missouri	2,760	13,095,694	699,373	261,609	394,332	295,584	234,438	1,285,983	433	13,912	93.7	
Montana	1,095	6,671,432	764,783	425,391	318,890	71,095	97,169	912,535	86	20,592	97.3	
Nebraska	78	753,650	88,527	55,565	31,981	11,192	21,996	120,734	3	381	98.9	
Nevada	426	4,175,902	585,995	398,402	131,774	32,356	69,028	681,560	12	5,819	99.0	
New Hampshire	6	33,424	1,928	900	1,028	172	865	2,065	0	0	100.0	
New Jersey	10	60,574	1,774	207	1,067	22	155	1,451	1	500	71.8	
New Mexico	52	344,794	19,377	5,272	13,299	0	2,890	21,461	4	806	95.8	
New York	57	471,583	76,384	26,245	50,138	14,769	4,187	95,339	1	1	100.0	
North Carolina	268	1,511,945	114,413	58,780	50,666	8,446	4,289	122,521	25	5,027	95.6	
North Dakota	2,327	10,477,420	1,075,870	613,360	448,368	201,976	3,317	1,267,621	172	13,542	98.7	
Ohio	342	2,429,575	415,248	214,715	200,533	74,411	15,013	445,915	15	3,967	99.0	
Oklahoma	582	4,744,455	552,643	314,775	235,160	75,295	83,880	636,884	24	4,908	99.1	
Oregon	1,464	6,779,351	921,640	494,023	446,121	286,569	83,880	1,250,993	66	11,498	98.8	
Pennsylvania	100	775,381	65,853	35,651	28,440	4,202	21,183	89,446	6	1,792	97.3	
Rhode Island	424	2,421,051	177,190	84,291	84,051	35,703	5,573	209,618	48	8,948	95.0	
South Carolina	2	10,297	530	59	471	400	0	930	0	0	100.0	
South Dakota	1,929	8,326,780	661,372	317,209	331,448	244,578	2,837	896,072	160	12,715	98.1	
Tennessee	1,933	2,511,157	320,930	213,851	95,894	17,546	34,893	362,184	15	11,085	96.5	
Texas	1,433	7,734,427	1,026,941	666,586	358,902	157,910	10,655	1,132,953	78	2,453	99.8	
Utah	2,434	18,757,635	1,944,675	1,005,066	891,701	347,865	209,995	2,454,627	136	17,908	99.1	
Vermont	29	262,521	15,099	5,263	4,603	14,016	16,505	45,687	2	173	98.8	
Virginia	34	185,132	11,136	3,649	6,937	654	0	11,240	2	550	95.0	
Washington	743	3,417,488	429,444	260,204	178,469	92,337	85	531,115	46	951	99.8	
West Virginia	115	958,900	74,623	36,280	37,665	16,728	14,616	105,289	4	678	99.1	
Wisconsin	354	1,675,533	122,285	50,469	69,444	24,322	473	144,678	32	2,402	98.0	
Wyoming	441	3,016,465	343,300	206,570	125,853	80,301	63,544	176,138	19	10,877	96.8	
Alaska	33	266,974	21,612	10,325	10,149	1,062	6,098	27,634	2	1,138	94.7	
Hawaii	0	0	0	0	0	0	0	0	0	0	0	
Puerto Rico	192	1,414,646	84,534	39,515	44,695	51,059	57,058	211,293	10	1,324	98.4	
Virgin Islands	191	2,469,244	89,328	26,341	62,363	71,425	2,703	112,766	4	724	99.2	

1/ Exclusive of State Rural Rehabilitation Corporation Trust Funds

2/ Exclusive of extra payments.

3/ Includes and payments from non-agricultural income.

4/ Collections are reported as to principal or interest as of June 30, 1943

5/ (Columns 5 and 6) 1/2

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

Table X Farm Tenancy Loans and Collections by Fiscal Years 1/

Fiscal Year (1)	Amount of Loans Approved (2)	Collections			Total (5)	Extra Payments (6)
		Principal (3)	Interest (4)			
1938	\$ 8,914,209	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
1939	23,248,756	105,134	56,994	162,128	162,128	-0-
1940	36,010,026	446,800	511,765	958,565	958,565	208,911
1941	45,737,691	1,161,375	1,312,001	2,473,376	2,473,376	442,072
1942	46,306,613	3,585,380	2,488,204	6,073,584	6,073,584	816,714
1943	31,270,154	9,336,428	3,744,782	13,081,210	13,081,210	2,780,561
Total	\$191,187,749	\$ 14,635,117	\$ 8,113,746	\$ 22,748,863	\$ 22,748,863	\$ 4,248,258
Unapplied Collections 6/30/43					1,747,173	
GRAND TOTAL COLLECTIONS					<u>\$ 24,496,036</u>	

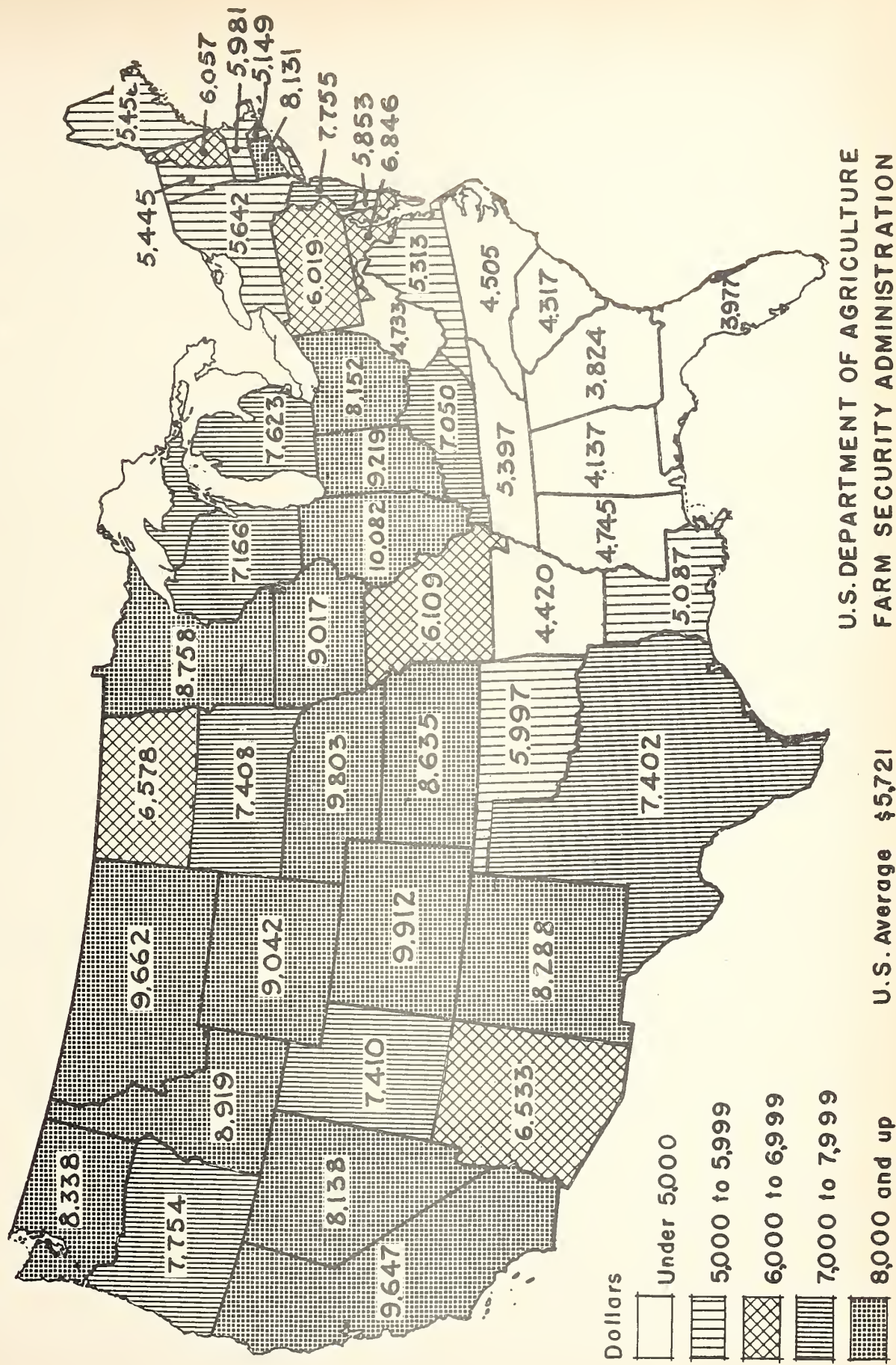
1/ Exclusive of State Rural Rehabilitation Corporation Trust Funds
2/ Inclusive of Extra Payments
3/ Included in Columns (3) and (5).

Table XI Farm Tenancy: Estimated Distribution of Loans by States, Fiscal Years
1944, end 1945.

State and Territory (1)	Relative Farm population and prevalence of tenancy (2)	Fiscal Year 1944			Fiscal Year 1945		
		Number of borrowers (3)	Amount of loan (4)	Average per borrower (5)	Number of borrowers (6)	Amount of loan (7)	Average per borrower (8)
U. S. TOTAL	100.00	5,414	\$30,000.00	5.60	2,712	\$15,000.00	5.60
Alabama	6.39	491	1,917,569	3,900	246	958,785	3,900
Arizona	0.11	3	32,212	9,900	2	16,106	9,900
Arkansas	4.80	374	1,440,442	4,300	167	720,221	4,300
California	1.04	34	311,769	9,000	17	155,885	9,000
Colorado	0.76	22	228,515	10,000	11	114,257	10,000
Connecticut	0.06	2	18,260	9,900	1	9,130	9,900
Delaware	0.12	6	36,365	5,500	3	16,182	5,500
District of Columbia	B	101	101	51	51	51	51
Florida	0.62	46	186,608	4,000	23	93,304	4,000
Georgia	0.66	525	1,996,629	3,800	263	998,315	3,800
Idaho	0.42	13	125,683	9,500	7	62,842	9,500
Illinois	3.42	102	1,024,644	10,000	51	512,322	10,000
Indiana	1.84	60	560,997	9,300	30	280,496	9,300
Iowa	3.59	115	1,075,562	9,300	58	537,781	9,300
Kansas	2.21	76	662,206	8,700	38	331,103	8,700
Kentucky	3.38	163	1,015,231	6,200	82	507,615	6,200
Louisiana	4.11	246	1,232,906	5,000	123	616,453	5,000
Maine	0.09	4	27,667	5,800	2	13,833	5,800
Maryland	0.52	22	155,751	7,000	11	77,875	7,000
Massachusetts	0.09	4	25,391	6,000	2	12,695	6,000
Michigan	1.20	52	358,559	6,800	26	179,279	6,800
Minnesota	2.40	79	718,356	9,000	40	359,176	9,000
Mississippi	7.53	524	2,257,495	4,300	262	1,128,747	4,300
Missouri	4.24	162	972,937	6,000	81	486,478	6,000
Montana	0.40	13	119,030	9,000	7	59,515	9,000
Nebraska	2.13	63	639,206	9,800	32	319,603	9,800
Nevada	0.02	0	5,584	9,200	0	2,782	9,200
New Hampshire	0.04	2	10,900	6,000	1	5,450	6,000
New Jersey	0.18	6	54,268	8,300	3	27,134	8,300
New Mexico	0.25	8	73,811	9,000	4	36,905	9,000
New York	0.76	37	226,279	6,000	19	113,139	6,000
North Carolina	5.96	415	1,788,484	4,300	208	894,242	4,300
North Dakota	1.20	52	359,451	6,800	26	179,726	6,800
Ohio	2.32	86	694,712	8,000	43	347,356	8,000
Oklahoma	4.10	175	1,230,264	7,000	88	615,132	7,000
Oregon	0.38	13	114,627	8,800	6	57,314	8,800
Pennsylvania	1.19	62	356,198	5,700	31	176,699	5,700
Rhode Island	0.02	0	4,310	7,000	0	2,155	7,000
South Carolina	4.16	297	1,249,195	4,200	146	624,597	4,200
South Dakota	1.32	52	395,581	7,500	26	197,791	7,500
Tennessee	4.16	249	1,247,904	5,000	125	623,952	5,000
Texas	8.55	320	2,565,670	8,000	160	1,282,835	8,000
Utah	0.11	4	33,773	7,800	2	16,887	7,800
Vermont	0.09	4	25,720	5,400	2	12,850	5,400
Virginia	2.15	129	645,374	5,000	65	322,687	5,000
Washington	0.49	16	146,375	8,900	8	73,188	8,900
West Virginia	0.98	68	294,203	4,300	34	147,102	4,300
Wisconsin	1.64	70	493,099	7,000	35	246,595	7,000
Wyoming	0.44	4	42,887	8,900	2	21,444	8,900
Alaska	B	1,156	1,156	583	583	583	583
Hawaii	0.85	62	256,492	4,100	31	128,246	4,100
Puerto Rico	1.81	120	545,672	4,500	60	271,636	4,500

B/ Less than 0.01 percent.

FIG. 1 AVERAGE SIZE OF TENANT PURCHASE LOANS FROM
BEGINNING OF PROGRAM THROUGH JUNE 30, 1943



(c) Liquidation and Management of Resettlement Projects

Appropriation Act, 1944	\$421,039
Anticipated deficiency for overtime pay required by the War	
Overtime Pay Act of 1943	+60,713
Total anticipated available, 1944	<u>481,752</u>
Budget estimate, 1945	- -
Decrease	<u><u>-481,752</u></u>

PROJECT STATEMENT

Project	1943	1944 (estimated)	1945 (estimated)	Increase or Decrease
1. Salaries and expenses	\$406,061	\$ 481,468	\$ - -	\$ - 481,468
Covered into Treasury in accordance with Public Law 674	6,087	- -	- -	- -
Continuing allotments and transfers to other appropriations and Departments (as shown on Budget schedules)	4,858	284	- -	-284
Unobligated balance	10,120	- -	- -	- -
Total available	<u>427,126</u>	<u>481,752</u>	<u>- -</u>	<u>-481,752(1)</u>
Transfers in estimates in past year to other appropriations (as shown in Budget schedules)	72,874	- -	- -	
Anticipated deficiency for overtime pay	- -	-60,713	- -	
Total estimate or appropriation	<u>500,000</u>	<u>421,039</u>	<u>- -</u>	

DECREASE

(1) The Budget proposes that this appropriation be eliminated for the fiscal year 1945.

CHANGE IN LANGUAGE

The estimates include a proposed deletion of the language of this item as follows (deleted matter enclosed with brackets):

[To enable the Secretary to carry out the provisions of section 43 of title IV of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937 (7 U.S.C. 1014-1029), including the employment of persons and means, in the District of Columbia and elsewhere, exclusive of printing and binding, as authorized by said Act, \$421,039.]

The Budget deletes the entire language since, as explained above, no estimate of funds is included under this head for 1945.

Statement of Overtime Costs

	: 1943	: Est. 1944	: Est. 1945
Overtime absorbed	: \$27,753	: - -	: - -
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944; and included in budget estimate, 1945)	: - -	: \$ 60,713	: - -
Total cost of overtime (7 months in 1943).	: 27,753	: 60,713	: - -

FINANCING OF THIS WORK IN 1945

The major portion of the liquidation work will have been completed by June 30, 1944. The remaining liquidation work will be financed from the appropriation "Loans, grants, and rural rehabilitation" and from the trust fund "Payments in lieu of taxes and for operation and maintenance of resettlement projects."

(d) Water Facilities, Arid and Semiarid Areas

Appropriation Act, 1944	\$ 1,000,000
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+29,738
Total anticipated available, 1944	1,029,738
Budget estimate, 1945	- -
Decrease	<u>-1,029,738</u>

PROJECT STATEMENT

Project	1943	1944 (estimated)	1945 (estimated)	Increase or decrease
1. Salaries and expenses	\$133,951	\$ 229,738	\$ --	\$ -229,738
2. Loans	--	790,000	--	-790,000
Covered into Treasury in ac- cordance with Public Law 674	661	--	--	--
Allotted to Office of Direc- tor of Food Production	--	10,000	--	-10,000
Unobligated balance	26,698	--	--	--
Total available	161,310	1,029,738	--	-1,029,738(1)
Transferred to other appro- priations (as shown in Budget schedules)	+41,275	--	--	--
Anticipated deficiency for overtime pay	--	-29,738	--	--
Total estimate or appro- priation	202,585	1,000,000	--	--

DECREASE

(1) The Budget proposes that this appropriation be eliminated for the fiscal year 1945.

CHANGE IN LANGUAGE

The estimates include a proposed deletion of the language of this item as follows (deleted matter enclosed with brackets):

[To enable the Secretary of Agriculture to carry into effect the provisions of the Act entitled "An Act to promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes", approved August 28, 1937, as amended (16 U. S. C. 590r-590x-5, 590z-5), including the purchase, exchange, operation, and maintenance of passenger-carrying vehicles, \$1,000,000 of which not to exceed \$11,000 may be expended for personal services in the District of Columbia.]

The Budget deletes the entire language since, as explained above, no estimate of funds is included under this head for 1945.

	: 1943	: Est. 1944:	Est. 1945	
Overtime absorbed	:\$11,693:	\$ 1,140	:	--
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944; and included in budget estimate, 1945)	:	:	:	--
	:	--: 29,738	:	--
Total cost of overtime (7 months in 1943):	11,693:	30,878	:	--

FINANCING OF THIS WORK IN 1945

Due to the elimination of this item, language heretofore included under this appropriation has been included under the item "Loans, Grants, and Rural Rehabilitation" to permit the making and servicing of a limited number of this type of loan from that appropriation. The progress and status of the work is discussed in the explanatory notes for the item "Loans, Grants, and Rural Rehabilitation".

(e) Flood Restoration Loans (Assistance by Loans to Farmers, 1943 Floods)

Second Deficiency Appropriation Act, 1943 (for fiscal year 1944)	\$15,000,000
Budget estimate, 1945	- -
Decrease	<u>-15,000,000</u>

PROJECT STATEMENT

Project	: 1943 :	: 1944 : (estimated):	: 1945 : (estimated):	: Increase or decrease
1. Salaries and expenses	\$ --	\$ 800,000	\$ --	\$ -800,000
2. Loans	--	8,000,000	--	-8,000,000
Estimated savings, unobligated balance	--	6,200,000	--	-6,200,000
Total estimate or appropriation	--	15,000,000	--	-15,000,000(1)

DECREASE

(1) The decrease of \$15,000,000 in this item results from no request being made for funds in 1945 for this emergency program.

CHANGES IN LANGUAGE

The Budget proposes the deletion of the language of this item as follows (deleted matter enclosed with brackets):

[In order to provide assistance to farmers whose property was destroyed or damaged, in whole or in part, by floods in 1943, the Secretary of Agriculture is authorized to utilize the facilities of any existing agency or bureau to provide assistance to any such farmer by loans, in such manner and upon such terms and conditions as the Secretary of Agriculture may prescribe, for the purpose of aiding such farmer to continue farming operations in order to produce for the war effort, including personnel services in the District of Columbia and elsewhere, printing and binding, travel, and other miscellaneous and incidental expenses, fiscal year 1944, \$15,000,000: Provided, That not more than ten per centum of the foregoing amount shall be used for administrative expenses.]

Budget proposes the deletion of this language since, as explained above, no estimate is included under this head for 1945.

Statement of Overtime Costs

		1943	Est. 1944	Est. 1945
Overtime absorbed	:	- -	\$122,210:	- -
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944; and included in budget estimate, 1945)	:	:	:	:
Total cost of overtime	:	- -	122,210:	- -

WORK UNDER THIS APPROPRIATION

Objective: To provide for the making and servicing of loans to farmers whose property was destroyed or damaged, in whole or in part, by floods in 1943.

Examples of Progress and Current Program: As of December 31, 1943, 1494 loans totaling \$900,772 had been made to permit restoration of property damaged by the 1943 flood or to permit continued food production. Since many of the farmers in the stricken areas are withholding their requests until immediately prior to the new planting season, the total number and amount of the loans which will be made is indefinite. Language is being included under the item "Loans, Grants, and Rural Rehabilitation" to permit the continued servicing and collecting of these loans although no additional funds have been requested for that purpose. If the volume remains small, this work will be absorbed in the requested funds under the item "Loans, Grants, and Rural Rehabilitation". However, if the volume increases to any great extent, it may be necessary to submit a supplemental request for reappropriation of a portion of any unobligated amount remaining under the \$15,000,000 appropriation.

(f) Water Conservation and Utilization Projects

The Budget schedule reflects obligations for the fiscal year 1943 and estimated obligations for 1944 under the unobligated balance of funds transferred to the Department of Agriculture from the appropriation "Water conservation and utility projects, Act August 11, 1939, as amended (Reimbursable)," (Department of the Interior) under authority of the following deficiency appropriation acts:

Additional Urgent Deficiency Appropriation Act, 1941	\$580,000
Second Supplemental National Defense Appropriation Act, 1942	1,500,000
Total transferred, 1941 and 1942	<u>2,080,000</u>

These transferred funds were provided to enable the Secretary of Agriculture to carry out his responsibilities under the Wheeler-Case Act, approved October 14, 1940, which was passed "for the purpose of stabilizing water supply and thereby rehabilitating farmers on the land and providing opportunities for permanent settlement of farm families.

It is estimated that all available funds will be obligated during 1944 in completing the development of presently approved projects. The need for additional funds will be contingent upon approval of new projects which are determined to be necessary to bring additional lands into war food production.

(g) Construction, Water Conservation and Utility Projects

The Budget schedule covers the 1943 and estimated 1944 obligations from funds transferred from the Department of Interior for the acquisition and development of land for water conservation and utility projects. It is estimated that all available funds will be obligated during the fiscal year 1944.

(h) Emergency Fund for the President, National Defense
(Allotment to Farm Security Administration)

The first part of the Budget schedule relates to the allotment for making, servicing and collecting loans made in connection with evacuation of enemy aliens from the West Coast, which function the Farm Security Administration was asked to assume by the War Department. All of the loans were made during the fiscal year 1942 and it is estimated that the major portion of the servicing and collecting activities will be completed during the fiscal year 1944. Therefore, no obligations are estimated for 1945.

The second part of the Budget schedule relates to allotments (totaling \$4,500,000) to assist in providing an adequate supply and distribution of farm laborers for the production of agricultural products essential to the war program by effecting transportation of farm labor including alien within the continental United States and elsewhere, from areas of excess supply to areas of greatest need. No obligations were incurred under these funds in the 1942 fiscal year and none are estimated therefrom for the fiscal years 1944 and 1945. The farm labor supply and distribution program has been transferred to the Office of Labor and operated since April 29, 1943 under the provisions of Public Law 45.

(i) Working Fund (Farm Security Administration)

This Budget schedule reflects obligations under an advance, pursuant to Section 601 of the Economy Act of June 30, 1932, from the Selective Service System to provide the costs of operating and maintaining camps for conscientious objectors, located at Terry, Montana, and Trenton, South Dakota.

(j) Payments in Lieu of Taxes and for Operation and Maintenance of Resettlement Projects (Trust Fund)

This Budget schedule covers trust funds based on Section 3 of the Act of June 29, 1936 (40 U.S.C. 431-434), under which receipts derived from the operation of any resettlement project or any rural rehabilitation project for resettlement purposes are covered into the United States Treasury and constitute a special fund, which is available for payments in lieu of taxes to states, political subdivisions, and local taxing units and for any other expenditures for operation and maintenance (including insurance) of such projects. Expenses which during the fiscal year 1944 and previous fiscal years were financed from the appropriation "Liquidation and Management of Resettlement Projects" under Title IV of the Bankhead-Jones Farm Tenant Act will be financed from this trust fund during 1945 and until all projects are liquidated.

As the project units are sold or otherwise disposed of, the deposits to this fund will be decreased in direct relation to the rate of liquidation. Receipts and obligations hereunder for the fiscal years 1938 through 1943 and estimated for 1944 and 1945 are as follows:

	<u>Receipts</u>	<u>Obligations</u>	<u>Balance</u>
1938	\$ - -	\$ - -	\$ 719,097
1939	1,497,896	1,363,136	853,857
1940	2,589,272	1,955,943	1,487,186
1941	2,232,558	2,224,942	1,494,802
1942	2,520,266	2,163,729	1,851,339
1943	1,283,039	1,364,675	1,769,703
1944 (Estimated)	783,400	952,616	1,600,487
1945 (Estimated)	250,000	863,446	987,041

(k) State Rural Rehabilitation Corporation Trust Funds

Under the rural rehabilitation program of the Federal Emergency Relief Administration, providing grants to the states, there was established in a majority of the states (during 1934 and 1935) a State Rural Rehabilitation Corporation to administer the rural rehabilitation program in each state. These corporations, acting through their respective directorates, have entered into individual agreements with the United States Government, whereby their assets and liabilities have been transferred in trust to the Government to be made available for rural rehabilitation purposes within the respective states.

The assets transferred and all assets subsequently collected on behalf of the corporations have been deposited in special trust fund accounts in the Treasury of the United States and have been administered by the Farm Security Administration on behalf of the Secretary of Agriculture,

in accordance with the terms of the transfer agreement. Since the dates of transfer of the assets of each state corporation, the Farm Security Administration has endeavored to convert excess assets of the corporations into cash and to collect as much as reasonably possible on outstanding loans and other accounts receivable. Funds thus made available for rural rehabilitation purposes have been used for the payment of outstanding obligations and new obligations incurred for the development of corporation property and other direct corporation obligations and for the making of rehabilitation loans and grants to corporation borrowers. The same disposition will be made of funds received during the fiscal year 1945.

During the fiscal year 1943 loans in the amount of \$6,890,554 and grants in the amounts of \$26,085 were made to corporation clients. It is estimated that during the fiscal year 1944 loans in the amount of \$9,040,000 and grants in the amount of \$75,000 will be approved, and during the fiscal year 1945 loans totaling \$4,130,000 and grants in the amount of \$50,000 will be made. Collections increased considerably during 1943, but decreases are estimated for the fiscal years 1944 and 1945. The following tabulation reflects receipts and obligations by fiscal years, including estimates for the fiscal years 1944 and 1945:

	<u>Receipts</u>	<u>Obligations</u>	<u>Balance</u>
1938	\$10,231,994	\$ - -	\$10,231,994
1939	3,725,306	4,417,869	9,539,431
1940	4,367,383	2,799,540	11,107,274
1941	2,949,461	2,716,741	11,339,994
1942	3,616,022	7,849,698	7,106,318
1943	6,061,269	7,606,393	5,561,194
1944 (Estimated)	5,000,000	9,612,453	948,741
1945 (Estimated)	3,800,000	4,380,549	368,192

(1) Drainage District Assessments on Acquired Lands (Trust Fund)

This Budget schedule covers obligations under the trust account established for the deposit of funds received from the vendors of land acquired by the Farm Security Administration, to be held in trust for the payment of drainage taxes assessed against said land, the remainder, if any, to be refunded to the vendor after the last payment has been made.

	<u>Receipts</u>	<u>Obligations</u>	<u>Balance</u>
1940	\$22,580	\$3,730	\$ 18,850
1941	1,839	- -	20,689
1942	30,350	18,973	32,066
1943	- -	6,993	25,073
1944 (Estimated)	- -	7,000	18,073
1945 (Estimated)	- -	7,000	11,073

(m) Liquidation of Deposits, Reserve for Maintenance and Repair, Lease and Purchase Agreements (Trust Fund)

This Budget schedule reflects deposits of funds received from purchasers of property as deposits into a reserve fund for maintenance and repair of the property, to be held in trust for the purchaser in accordance with the provision of the lease and purchase agreement. These contracts are being converted under the deed, note and mortgage basis, and these deposits will be refunded following the cancellation of the lease and purchase agreements. Receipts and obligations by fiscal years, including estimates for 1944 and 1945, are as follows:

	<u>Receipts</u>	<u>Obligations</u>	<u>Balance</u>
1941	\$9,023	\$ - -	\$9,023
1942	5,247	112	14,158
1943	3,765	- -	17,923
1944 (Estimated)	4,000	7,500	14,423
1945 (Estimated)	2,500	8,000	8,923

(n) Liquidation of Deposits, Lease and Purchase Contracts (Trust Fund)

This Budget schedule reflects the deposit into a reserve fund of collections received from purchasers of property as deposits toward the purchase price of the property in accordance with the terms of the lease and purchase agreements. As these contracts are cancelled, these deposits are either refunded or will be transferred and credited to the new obligation incurred under the deed, note and mortgage plan. Receipts and obligations by fiscal years, including estimates for 1944 and 1945, are as follows:

	<u>Receipts</u>	<u>Obligations</u>	<u>Balance</u>
1942	\$3,000	\$1,325	\$1,675
1943	29,000	7,180	23,495
1944 (Estimated)	125,000	140,000	8,495
1945 (Estimated)	40,000	45,000	3,495

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

Item	Obligations, 1943	Estimated Obligations, 1944	Estimated Obligations 1945
<u>Water Conservation and Utiliza-</u>			
<u>tion Projects:</u> Surveys and in-			
vestigations, development,			
operation and maintenance of			
projects under Wheeler-Case Act			
for stabilizing water supply			
and for permanent settlement of			
farm families.....	\$236,426	\$1,509,133	\$ - -
<u>Construction, Water Conservation</u>			
<u>and Utility Projects:</u> Acquisi-			
and construction of water con-			
servation and utility projects..	24,845	405,703	- -
<u>Emergency Fund for the President,</u>			
<u>National Defense:</u>			
Making, servicing, and col-			
lecting loans made in connec-			
tion with evacuation of enemy			
aliens.....	51,582	25,000	- -
To provide an adequate supply			
and distribution of workers			
for production of agricultural			
products essential to the war			
program.....	4,105,000	- -	- -
Total, Emergency Fund for:			
the President.....	4,156,582	25,000	- -
<u>Working Funds (Farm Security Ad-</u>			
<u>ministration):</u>			
Advance from Selective Ser-			
vice system for expenses in			
connection with operation of			
two civilian public service			
camps.....	- -	61,420	- -
<u>Payments in Lieu of Taxes and for</u>			
<u>Operation and Maintenance of</u>			
<u>Resettlement Projects:</u> Trust			
funds receipts from operations			
of resettlement and rural re-			
habilitation projects, which			
are made available for payments			
in lieu of taxes to taxing			
bodies and for operation and			
maintenance of such projects....	1,142,537	952,616	863,446

Item	Obligations, 1943	Estimated Obligations, 1944	Estimated Obligations 1945
<u>State Rural Rehabilitation Cor- poration Funds: Trust funds of</u>			
State RR Corporations, made			
available to the Department for			
rural rehabilitation purposes			
within the several states, as			
follows:			
Salaries and expenses.....	44,509	107,238	83,698
Grants.....	26,085	75,000	50,000
Rural rehabilitation projects..	645,245	390,215	116,851
Loans.....	6,890,554	9,040,000	4,130,000
Total, state corporation			
funds.....	7,606,393	9,612,453	4,380,549
<u>Drainage District Assessments on</u>			
<u>Acquired Lands: Trust fund de-</u>			
posits from owners of land ac-			
quired by FSA, available for			
payment of drainage assessments			
against such lands, any balance			
being eventually returned to			
the vendor.....	6,993	7,000	7,000
<u>Liquidation of Deposits, Reserve</u>			
<u>for Maintenance and Repairs,</u>			
<u>Lease and Purchase Contracts:</u>			
Trust funds received from pur-			
chasers of property as a re-			
serve fund to provide for main-			
tenance and repair of such			
property in accordance with the			
lease and purchase agreement....	- -	7,500	8,000
<u>Liquidation of Deposits, Lease</u>			
<u>and Purchase Contracts: Trust</u>			
funds received as deposits to-			
ward purchase price of property			
sold under lease and purchase			
agreements, available for re-			
fund upon conversion of the			
agreement to a deed or for ap-			
plication against the deed ob-			
ligation.....	7,180	140,000	45,000
Total, Obligations Under			
Supplemental Funds.....	13,180,956	12,720,825	5,303,995

PASSENGER-CARRYING VEHICLES

Under normal conditions the Farm Security Administration has made a practice of trading in passenger-carrying vehicles when they have been operated a total of 60,000 miles or more. The resulting elimination of high repair cost for worn equipment and the increased price received for the trade-ins have proved this plan to be practical and economical. If we were to follow this policy at the present time, approximately 60% of our presently owned equipment would be subject to replacement. Thirty percent of these vehicles have already been operated 60,000 miles and are up to five years old.

Consistent with the war program, we have not proposed any replacements during the fiscal year 1945 except for those vehicles which have been operated 75,000 miles or more by July 1, 1944. It is expected that the 25 vehicles to be traded in for new cars will approach 90,000 miles of usage before new purchases are actually effected.

The estimated cost for maintenance and operations was figured on 15,000 average yearly mileage per vehicle at a cost of \$.0175 per mile. However, the annual cost of maintenance and operations for these vehicles during the fiscal year 1943 averaged \$.0163 and the equipment will be two years older by the fiscal year 1945. In view of the experience during 1943 and the increased amount of repairs as the equipment gets older and the increase in repair cost, it was felt necessary to increase the cost of operation per mile.

The average yearly mileage of 15,000 miles per vehicle is based on our 1943 actual experience and while this might appear high, the use of these government-owned cars have permitted a substantially greater decrease in the use of personally-owned vehicles.

In submitting the final proof of the Budget Estimates for printing, the cost of maintenance, repair, and operation of the 25 vehicles to be exchanged and the new vehicles was inadvertently omitted. The total cost for maintenance, repair, and operation for all cars should be \$30,838.

The 121 vehicles to be operated are managed according to the following plans in order to effect the greatest possible travel economics:

- (1) The passenger-carrying vehicles operated under the heading "Loans, Grants, and Rural Rehabilitation" and "Farm Tenancy (Title I)" are located at strategic points throughout the country where frequent local rural travel by regional and field employees is necessary and where common carrier is not available or practical. The vehicles are not assigned for operation by any particular individual or group of individuals but are operated on the basis of a pool with transportation being furnished from the pool to those individuals traveling to such rural points. Long trips from point to point have been entirely restricted and trips are planned to accommodate more than one traveler at a time which could not always be proposed if personally-owned vehicles were used. The car assigned to Washington is for the use of employees in making trips to bureaus, agencies, or departments located in other buildings in the city and is necessary to permit quick and economic transportation with a resulting saving in time for members of the Washington Office.

(2) The vehicles to be operated under the Water Conservation and Utilization program will be used for the transportation of area personnel in connection with the planning, investigating, and developing of Water Conservation and Utilization projects; and by project personnel, such as project managers and project supervisors, within the project area in the administration of their official duties.

RURAL ELECTRIFICATION ADMINISTRATION

(a) Salaries and Expenses

Appropriation Act, 1944	\$2,258,000
Anticipated deficiency for overtime pay required by the War Overtime Pay Act of 1943	+ 300,000
Total anticipated available, 1944	2,558,000
Budget estimate, 1945	2,550,000
Decrease	- 8,000

PROJECT STATEMENT

Project	1943	1944 :(estimated):	1945 :(estimated):	Increase or decrease
1. <u>Lending activities:</u> Re-				
view and evaluation of				
applications for loans for				
rural electrification				
through feasibility studies:				
of rural areas and examin-				
ation of application data				
for both construction of				
new facilities and acqui-				
sition of existing facili-				
ties and preparation and				
recommendation of				
allotments	\$193,002	\$181,159	\$186,026	+ \$4,867(1)
2. <u>Construction assistance</u>				
<u>and appraisal activities:</u>				
Technical assistance to				
borrowers in the design and:				
construction of generation,				
transmission and distri-				
bution systems and in re-				
habilitation of acquired				
properties; physical ap-				
praisal of properties in-				
volved in proposed				
acquisitions	273,488	257,540	240,448	- 17,092(2)

Project	1943	1944 (estimated)	1945 (estimated)	Increase or decrease
3. <u>Supervision of general operations of cooperatives:</u>				
a. <u>Through management assistance:</u> For assist-				
ance to borrowers on busi-				
ness management in handling				
their increasing responsi-				
bilities for adequate				
economical service to farms				
and other essential rural				
power loads and in operat-				
ing newly acquired				
property	891,644	844,169	826,169	-18,000 (3a)
b. <u>Through technical oper-</u>				
ating assistance: Assist-				
ance to borrowers in the				
technical operation and				
performance of their				
electric facilities and				
equipment to assure ade-				
quate economical service				
and maintenance of				
facilities	397,776	348,489	317,489	-31,000 (3b)
c. <u>Through auditing, loan</u>				
accounting and collecting:				
Auditing borrowers'				
accounts; advancing and				
accounting for loan funds				
to borrowers; collecting				
and accounting for interest				
and principal payments to				
the Government	706,855	670,804	729,029	+58,225 (3c)
4. <u>General administrative</u>				
<u>activities:</u> The establish-				
ment of overall policies				
and procedures of the Rural				
Electrification Adminis-				
tration	274,857	255,839	250,839	- 5,000 (4)
Covered into Treasury under				
Public Law 674	46,500	- -	- -	- -

Project	1943	1944 (estimated)	1945 (estimated)	Increase or decrease
Unobligated balance	218,961	- -	- -	- -
Total available	3,003,083	2,558,000	2,550,000	- 8,000
Transferred to other appro- priations (as shown in Budget schedule)	+496,917	- -	- -	- -
Anticipated deficiency for overtime pay	- -	- 300,000	- -	- -
Total estimate or appro- priation	3,500,000	2,258,000	2,550,000	

The estimates for the several projects for the fiscal year 1945 reflect a net decrease of \$8,000 as compared with estimated obligations for 1944 and a gross decrease of \$187,622 from actual obligations for 1943. Consideration, however, of amounts of overtime payments under Public Law 49 reveals a decrease of \$313,094 below actual obligations for 1943. The increases and decreases by projects which result in the net decrease of \$8,000, are explained below together with an explanation of the work under each project.

(1) An increase of \$4,867 is required for "Lending activities" for the fiscal year 1945, to provide for increased activity in handling a backlog of applications for loans to construct distribution lines.

Objective and Significance: The objective of this project is to assist in adequately fulfilling the requirements of the war food program by placing greater emphasis on field activities in contacts with borrowers and County and State War Boards to promote and expedite extension of service to food-producing farms and to render priority assistance in expediting connections. The acquisition of existing utility properties will also receive emphasis during the fiscal year 1945 in order to create a more widespread basis for immediate post-war construction of lines to unserved areas.

Plan and Progress of Work: Through the efforts of the highly trained field personnel in conjunction with local County and State War Boards there is every assurance that work orders for member extensions at the present rate of approximately 5,000 per month will continue during the fiscal year 1945. This phase of the program adds an additional burden on the staff at headquarters in reviewing and processing of these work orders. The dollar value of construction under the program carried on pursuant to War Production Board Order U-1-c providing for these member extensions, is only a fractional part of the amount expended under the previous program of large-scale production. However, the processing of a great number of items of small individual amounts requires a force that cannot be measured in terms of amounts expended for construction.

The Rural Electrification Administration, because of war conditions, has transferred from an assembly-line technique of mass production to production on a piece work, job-lot basis. Investigation and analysis of proposals for acquisition of properties offered for sale constitute another important part of the activities of this project to be given special consideration during the fiscal year 1945.

Financial Requirements: The estimate of \$186,026 for this work project for fiscal year 1945 is based upon the following principal measures of work load:

	<u>Estimated Units of Work</u>	
	<u>1944</u>	<u>1945</u>
a. Provision of funds for new construction through examination of work orders:		
Total Estimate Work Orders	60,000	60,000
New farm consumers to be served through above work orders	68,000	68,000
b. Examination of proposed acquisitions and allotment of funds for acquisitions, the estimates including carry-over from one year to another:		
Number of proposed acquisitions for examination	130	75
Estimated number of allotments for acquisitions	47	16
c. Assistance in establishment of new cooperatives required by above acquisition allotments	2	4

(2) A decrease of \$17,092 under the project "Construction assistance and appraisal activities" for fiscal year 1945, due to virtual completion in 1944 of lines to serve war plants and military establishments.

Objective and Significance: The objective of this project is assistance in the construction of electric facilities in accordance with sound engineering principles, with consideration for the necessary conservation of critical materials. Collateral activities are the technical appraisal of proposed acquisitions and the rendering of technical assistance and advice in rehabilitation immediately required to integrate purchased property with previously constructed lines.

Among the services rendered to borrowers under this project are some that have been curtailed because of wartime restrictions on personnel. However, further curtailment would have a very detrimental effect. These functions are: Engineering studies designed to result in lowered construction costs and in improved reliability of rural power systems.

Progress and Current Program: There has been one major variation from the program estimated for the fiscal year 1944: The construction of electric facilities to military establishments and factories engaged in war production has been practically completed to the extent possible under the Rural Electrification Administration. It is anticipated that such activity will not be of great volume in 1945. However, the work load involved in the U-l-c program of the War Production Board is considerable. It is estimated that approximately 60,000 separate extensions to unserved farms will be built in 1945 at a total cost of \$15,500,000. This volume of construction will present many highly technical problems requiring solution by either headquarters or field engineers.

Financial Requirements: The estimate of \$240,448—a decrease of \$17,092—is requested for this work project, to assist borrowers in the design and construction of electric systems, rehabilitation of acquired properties and physical appraisal of properties involved in proposed acquisitions. The principal measures of workload for activities included in this project are:

	<u>Estimated Units of Work</u>	
	<u>1944</u>	<u>1945</u>
a. Approved final work order construction	60,000	60,000
b. Physical appraisal of proposed acquisitions.....	130	75
c. Immediate rehabilitation activities on acquisitions for which allotments are made	47	16
d. Construction assistance in the completion of projects authorized by WTB. (estimates based on number of in-completed projects):		
Number of projects	36	30
Number of miles in projects	4,080	3,000
Number of consumers to be served	8,811	6,750

(3e) A decrease of \$18,000 under the project "Supervision of general operations of cooperatives through management assistance" for the fiscal year 1945. Work load data while increasing somewhat over the fiscal year 1944 indicate that with some simplification of operating procedures, the estimate of \$826,169 will provide for the safeguarding of Government loans by directing cooperative borrowers along lines that will assist them in maintaining efficient operations and financial stability.

Objectives and Significance: The primary objective is guiding and assisting borrowers in the management of their projects, to effect all possible economies and attain the highest possible degree of efficiency. Attainment of this objective makes it possible for farmers and war production establishments served by the borrower systems to receive maximum benefits

of electric power at the lowest possible rates. At the same time, this strengthens the Government security by enlarging the margin between revenue and expense from which must come the funds for payment of the interest and principal of Government loans. This assistance which is the responsibility of REA and which cannot be obtained from any other source is essential for the proper discharge by borrower systems of their responsibilities and obligations. The integration of acquired lines with lines now owned by cooperatives presents many managerial problems which must be satisfactorily resolved.

Progress and the Current Program: Among the most important types of management guides required by the projects are assistance in negotiation for wholesale power at equitable rates; preparation of retail rate schedules; aid in the development and continuance of cooperative organizations on democratic principles; cooperation with borrowers in the development of their managerial policies and methods; aid in negotiations and arrangements for adequate insurance coverage at rates commensurate with risks; helping borrowers in development of safety programs to protect life and property, and assistance on matters of public regulation, by-laws and charters, consolidations and taxes. The need for assistance of this nature has been increased by continued turnover of system personnel because of demands by the military services and the war production program. There is also a demand by borrowers for assistance in advising farm members in the economical use of electric power to increase food production and help solve the problem of farm labor shortage. Through performance analysis as revealed by monthly operating reports and by field visits of experienced management and operation specialists, assistance and guidance are provided borrowers to enable them to attain efficient and economical operation of their systems.

Financial Requirements: The estimate of \$826,169 is requested for this project in order to assist in discharging the agency's responsibility for keeping cooperative borrowers in sound operating and financial condition. The decrease of \$18,000 in this project for the fiscal year 1945 will, through simplified operating procedures, permit carrying out the following measures which are based on the number of present cooperatives, anticipated acquisitions, and new cooperatives, as follows:

	<u>Estimated Work Units</u>	
	<u>1944</u>	<u>1945</u>
a. Business management: Assistance to cooperatives:		
Number at beginning of year	763	765
Number at end of year	765	769
b. Analysis of operating costs and income on acquisitions	47	16
c. Field visits to assist cooperatives in operation functions; consultations and conferences by operation engineers in guiding project activities	2,715	2,858

		<u>Estimated Work Units</u>	
		<u>1944</u>	<u>1945</u>
d.	Review of monthly operating reports and semi-annual operating budgets, and analysis of future payout status	13,464	13,842
e.	Safety and job training activity to promote safety and training work by cooperatives; the estimated work units reflecting personal contacts, meetings, and conferences:		
	States having safety supervisors	15	24
	Supervisors requiring assistance and coordination	18	30
f.	Labor relations: Assistance in complying with War Labor Regulations; wage surveys; wage recommendations, payroll analysis to check for violation of labor provisions, in contracts, "kick back" statute, etc.; and contacts between cooperatives and labor to determine conformance to policy	3,400	5,900
g.	Tax surveys: Collection and analysis of tax data to determine exemptions and advise cooperative of procedures to comply with federal regulations	620	640
h.	Examination of borrowers' insurance policies to assure adequate coverage	9,644	10,134
i.	Rate activities: Assistance on wholesale power negotiations to help borrowers obtain adequate sources of power and wholesale power rates	520	535
	Retail rate schedules designed, submitted to cooperatives for adoption	60	70
j.	Assistance in training cooperative personnel: Estimated turnover in cooperative managers	225	225

(3b) A decrease of \$31,000 under the project "Supervision of general operations of cooperatives, through technical operating assistance" for the fiscal year 1945, because few new projects will be placed in operation and as a consequence the workload will be confined almost entirely to service of projects now in operation, and each work unit requiring less time than in prior years.

Objective and Significance: The objective of this phase of the work, for the duration of the war, is primarily to provide borrowers with expert assistance and advice in the technical operation and performance of transmission and distribution lines and generating plants, and to provide consulting service on technical engineering problems related primarily to achievement of maximum utilization of power in the production of war foods and materials. These are essential to providing an adequate, economical service to farmers, military establishments and war industries located on borrowers' lines.

Plan and Progress of Work: Technical engineering assistance is provided borrowers to enable them to attain the most efficient operation and performance of their electric facilities and equipment through field visits, operating memoranda, bulletins, other printed matter and extensive correspondence. The most important type of this technical operating assistance is consulting service to borrowers on technical engineering phases of operation of their systems. The continued provision of this type of service contributes greatly to the ultimate success of the Rural Electrification Administration borrowers and thereby helps to insure the full payment of interest and principal on the loans.

Financial Requirements: The technical operating problems of the 796 cooperative borrower systems are the responsibility of this phase of the work for which \$317,489 is estimated for 1945. Experience with operating problems reveals the continuing need for expert technical engineering assistance and advice, without which the systems could not operate economically and, therefore, would retard the repayment of the loans made to them by the Federal Government.

The following workload data reflect important types of assistance in this work, which have been increasing as the systems develop and new operating problems emerge. While the workload for 1945 is greater than for 1944, greater experience of cooperatives' employees permit the greater workload to be carried with less expense. Rural Electrification Administration activities on such studies are largely supervisory; the actual work is performed mainly by consulting engineers retained by borrowers.

	<u>Estimated Work Units</u>	
	<u>1944</u>	<u>1945</u>
Sectionalizing studies	300	300
Voltage regulation assistance and studies	200	230
Load balancing activities and studies	180	240
Fuse coordination assistance and studies .	160	190
Technical power sources studies	80	100
Relay board studies	12	12

(3c) An increase of \$58,225 is requested for "Supervision of general operations of cooperatives; through auditing, loan accounting and collecting" for the fiscal year 1945. The request reflects the need for additional personnel, especially in the field, to render needed assistance to borrowers and to safeguard funds previously advanced by the Rural Electrification Administration.

Objectives and Significance: The primary purpose of this function is the safeguarding of Government loans. It involves supervision of all financial transactions of borrowers and includes:

1. Audit of requests for advances of funds.
2. Determination of whether funds have been expended in accordance with contractual provisions.
3. Investigation of depositories with a view to approval of their use by borrower systems.
4. Design, installation of, and assistance in the maintenance of, a uniform system of accounts, records and accounting and business procedures.
5. Periodic determination of borrowers' financial status by audit of books and records.
6. Analysis of financial aspects of monthly operating and other periodic reports submitted by borrower systems.
7. Recording of allotments and advances of funds to borrower systems.
8. Recording, billing and collecting of principal and interest payments.

The largest part of this work is of a continuing nature: Auditing, billing and collecting are functions that can be relaxed only when all obligations to the Government have been fully paid.

Inasmuch as loans are for the full value of the property, the principal source from which funds can be realized for payment of principal and interest is the revenue from the operations of the borrowers' electric systems. The greatest vigilance is therefore necessary to insure against dissipation of borrowers' revenues through unwise expenditures or speculation on the part of employees occupying positions of trust. Analyses of financial condition and trends indicating the results of operations often reveal the need of management assistance and technical advice to put borrowers on a plane of sound financial and operating stability.

Progress and Current Program: The obligations of this function are cumulative: Loans to borrowers are based on amortization over a period of twenty-five years and it is not anticipated that any considerable number of obligations will be liquidated before the expiration of that period. An anticipated program of restricted construction does not lessen the work required to properly supervise the expenditures of funds previously advanced. This function has been less seriously affected than most by the transition of the agency's program from large scale mass production to a smaller dollar volume of construction on a piecework basis. However, changes in the program of the agency as a whole have made necessary some shifting of the emphasis placed on the various phases of the project.

Problems of the Current Program:

Supervisory and loan protection function: The problems inherent in supervising and auditing 869 systems, consisting of 796 cooperatives, 52 public bodies and 21 private borrowers, have been complicated by conditions resulting from the war. Problems of this nature are:

The regular routine of periodic audits has been seriously dislocated by the turnover in system managers and bookkeepers, many of whom left for military service or war production positions and made necessary clearance of the outgoing employee and intensive instruction and supervision of the incoming employee.

Many systems were forced to discontinue construction because of lack of critical materials, requiring audit of materials impounded by War Production Board order, and determination of settlement with contractors for the partially completed work.

The program of acquisitions of existing electric property by Rural Electrification Administration borrowers requires inspection of the vendor company's books and records for the purpose of determining the nature and value of the property acquired so that such property may be entered on the purchaser's books in conformity with the requirements of the Federal Power Commission. These transactions are frequently complex and time consuming. A recent acquisition involved the purchase of three operating companies which were distributed among eight cooperatives; approximately 300 man days will be required to complete the work required.

Many military establishments were set up in areas in which lines of Rural Electrification Administration systems were located. Building of these establishments made necessary the removal of such lines to other areas. Costs of these removals were reimbursable by the military agencies, requiring considerable field audit time for the preparation of accurate claims and the correct reflection of such extraordinary relocations in the records, impeding regular audit routine.

Because of these unusual demands on the audit staff and also because of the reduction of the staff as a result of military service and transfers to war agencies, there was a volume of uncompleted work as of June 30, 1943. With present personnel it is anticipated that this backlog will increase in fiscal 1944 and with no increase in personnel in the fiscal year 1945, the backlog would, by the end of that year, increase as detailed in the tabulation:

	<u>Estimated</u> <u>Backlog</u> <u>6-30-43</u>	<u>Estimated</u> <u>Backlog</u> <u>6-30-44</u>	<u>Estimated</u> <u>Backlog</u> <u>6-30-45</u>
Cost Distribution Audits	196	103	52
Operations Audits	499	781	913
Other Audits	52	100	120

The seriousness of the audit situation is more fully revealed by the fact that the records of 119 borrowers have not been audited for 18 or more months. The problem is further intensified by the nature of many of the audits to be performed. At the present time there are over 100 major special audits, resulting from acquisitions, turnover of borrowers' personnel, and the few inadequately-kept borrowers' records, which should be made immediately. Any one of these will require at least one auditor's time for a month and may range up to four months depending on the situation. As a consequence of these special audits and of construction audits, it is possible to perform only to a limited extent the regular periodic operations audits. It is hoped that the proposed increase will substantially alleviate this serious situation.

Loan accounting function: Loan contracts with borrowers provide that interest on advances need not be paid for 30 months after the date of the note; loan accounting during this period requires only three types of operations monthly. From the 31st to the 48th month, payments of current interest are required, which increases the types of monthly operations to five per note. Beginning with the 49th month the schedule of amortization of accumulated interest and principal commences and monthly operations are increased to six types per note.

Advances to borrowers were greatest during fiscal 1940 and the volume of advances continued to be large through 1941 and 1942. This means that the work of recording, billing and collecting of principal and interest will become heavier in the fiscal years 1945 and 1946, since maximum workload is reached four years after the date of the note and continues at that rate for the life of the note.

Financial Requirements: A total of \$729,029 is requested for adequate performance of this phase of the agency's program in fiscal 1945. The needs have been determined by study of the estimated workload for the year and the relation of units of work to be accomplished with experience gained in previous years of the productivity per man-year. The following is a recapitulation of the estimated workload and the man-years required for its accomplishment:

Supervisory and Loan Protection Function:

<u>Function</u>	<u>Units of Work</u>	<u>Man-year Requirements</u>	
Audits of operations	1,700	67	
Other audits	637	24	
Analysis of audit reports	2,337	10	
Processing food production program work orders	60,000	8	
Analysis of borrowers' reports	10,200	11	
Internal audit of requisitions and disbursement reports	11,900	23	
Supervisory, administrative and related operations		<u>37</u>	180

Loan Accounting Function:

<u>Function</u>	<u>Units of Work</u>	<u>Man-year Requirements</u>	
Billing and collecting	190,761	14	
Compilation of debt service report	4	4	
Internal audit of requisitions and disbursement reports - installation loans	2,002	9	
Recording of loans, advances and principal and interest billed and paid	99,828	12	
Administrative and related operations		<u>3</u>	<u>42</u>
Total man-year requirements - auditing, loan accounting and collecting			<u>222</u>

(4) A decrease of \$5,000 under the project "General administrative activities" for the fiscal year 1945 due to decrease in personnel engaged in administrative functions.

Objective and Significance: This phase of the work is concerned with: Determination of policies, and problems arising out of their execution; coordination of the several activities required in execution of the program and development of the efficiency of each; control of internal operating procedures; relations with other agencies, both public and private; coordination of all war activities and service to war establishments; relations with project members, directors and officers; and policy-making investigations pertaining to the development and improvement of extension of electrification into rural areas. These activities are the concern of the Administrator, his staff of assistants, and responsible divisional representatives.

Plan and Progress of Work: Because of the nature of this phase of the work, the financial requirements do not vary with specific measures of workload. These activities, of course, require a wide variety of professional, administrative and clerical personnel. Not only must administrative studies be made to provide a basis for policy determination by the Administrator and his staff, but also the execution of the policies through more specific programs and procedures requires administrative direction and the maintenance of adequate records to control all detailed activities.

Financial Requirements: The estimate of \$250,839 for this phase of the work in 1945 is not based on quantitative workload data partly because there are no such all-inclusive data available and primarily because the workload is qualitative in nature. This requires, of course, that there be a degree of flexibility to meet unforeseen problems as they arise. The estimate requested for this project is the minimum for this function consistent with the need for sound policy determinations and effective operations of the agency.

Statement of Overtime Costs

	: 1943	: Est. 1944	: Est. 1945
Overtime absorbed	: \$189,347	: \$20,005	: \$20,005
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944; and included in budget estimate, 1945)	: - -	: 300,000	: 294,814
Total cost of overtime (7 months in 1943):	: 189,347	: 320,005	: 314,819

General: The estimates have been prepared in the light of experience gained by a full fiscal year of wartime conditions. The duties of the Rural Electrification Administration during the war are: Maximum assistance in the food production program formulated by the War Food Administration through assistance in the construction of electric distribution lines approved by the War Production Board, construction of short member extensions to existing distribution lines under WPB regulations, financing the acquisition of existing utility properties to enable widespread extension of service after the war, and the safeguarding of Government funds previously advanced to borrowers through assistance in management and financial operations to assure efficient operating systems.

Integration of the activities of the Rural Electrification Administration with the war program has greatly changed the work of the agency. The loan funds appropriated for the fiscal year 1944 and requested for the fiscal year 1945 are but fractional parts of funds loaned in previous years. Instead of a program of large scale construction by contractors there is under way an accelerating program of construction of many small extensions by borrowers. This change from large to small

scale construction has been reflected in the work of Rural Electrification Administration personnel. At the time of maximum construction, contracts between borrowers and private contractors for large blocs of lines resulted, at times, in construction at the rate of 500 miles of line per day. In 1945 it is estimated that 60,000 extensions will be built by system personnel; each work order, covering an extension to an average of 1.2 farms, will require processing by the Rural Electrification Administration. The agency has completed the transition from operating on a schedule of mass production of large units to production of many small units on a jobbing basis. Although the procedure required to process a construction contract is more complex than that required for processing one work order for force account construction, the quantity of work orders to be handled offsets the factor of comparative complexity.

Recent regulations of the War Production Board indicate that materials necessary for the construction of electric distribution lines are becoming increasingly available. Fifteen relatively large projects, previously disapproved because of shortage of materials, have recently been approved by WPB for construction in the interests of the war food program. Moreover, a recent WPB order apparently will make available materials which may result in the construction of an additional 60,000 member extensions to reach 68,000 farms. Thus there will be a moderate increase in number of loans made.

The most careful consideration has been given to the relative importance of the dual responsibility of the agency (a) to loan funds to make electric service available in rural areas, and (b) to safeguard funds previously advanced for this purpose to assure the repayment of principal and interest, which can best be done by taking steps to assure efficiently operated electric distribution systems.

(b) Loans

Appropriation Act, 1944	\$20,000,000
Budget estimate, 1945	<u>20,000,000</u>

The Budget proposes that \$20,000,000 be made available for loans for rural electrification in the fiscal year 1945. This is the same amount appropriated for the fiscal year 1944. However the Budget reflects unobligated balances of \$13,763,348 available in 1944 from prior year appropriations and RFC borrowing authorizations; thus there is available in 1944 a total of \$33,763,348. Obligations during 1944 are estimated at \$30,263,348, leaving \$3,500,000 of the unobligated balances available and budgeted for obligation in 1945, which together with the \$20,000,000 Budget estimate, provides \$23,500,000 for the program in 1945--a decrease in estimated obligations of \$6,763,348 as shown by the following:

	<u>Estimated, fiscal years</u>	
	<u>1944</u>	<u>1945</u>
Appropriation, 1944, and Budget estimate, 1945	\$20,000,000	\$20,000,000
Unobligated balances from previous fiscal years	<u>+10,263,348</u>	<u>+3,500,000</u>
Total, loan funds, 1944 and 1945 ...	<u>\$30,263,348</u>	<u>\$23,500,000</u>

The following breakdown shows the proposed use of loan funds available for the fiscal year 1944 and the amount estimated to be available for the fiscal year 1945:

Food Production Program	\$12,263,348	\$15,500,000
Expansion to Unserved Areas:		
Acquisitions and immediate rehabilitation	8,250,000	3,500,000
Deferred rehabilitation and construction	<u>9,750,000</u>	<u>4,500,000</u>
Total, loan funds, 1944 and 1945 ...	<u>\$30,263,348</u>	<u>\$23,500,000</u>

Food Production Program: In making allotments of the \$30,263,348 for 1944, the primary consideration is the furthering of the war effort. The greatest emphasis is being placed on construction of short extensions to farms in cooperation with the efforts of the War Food Administration under the U-1-c program of the War Production Board. Generally, extensions of electric lines to military establishments and factories engaged in production of war materials have been completed by funds previously allotted, to the extent possible under the rural electrification program.

It is estimated that construction under the U-1-c program in the fiscal year 1944 will require the expenditure by REA borrowers of \$18,000,000. However, it is estimated that approximately one-third

of this requirement will be met by advance of funds previously covered by contracts with borrowers. Extensions of lines to farms for the purpose of increasing food production are being built by REA borrowers at the approximate rate of 5,000 per month.

Under the assumption that the war will continue through 1945 it is reasonable to assume that approved construction under the U-1-c program will continue at approximately the same rate in 1945 as in 1944, and that \$15,500,000 will be required by REA borrowers for such construction. Since the unexpended balance of previous allotments available for this purpose will have been exhausted, the cost of this program in 1945 will be financed entirely with the \$15,500,000 included in the estimate for 1945.

Expansion to Unserved Areas:

Acquisitions and immediate rehabilitation: Allotment of the balance available for other purposes will be predicated on the assumption that War Production Board regulations will not change materially, permitting no new construction of any great magnitude. The remaining available funds, therefore, will be used for loans which will include an amount for acquisition of existing utility properties. While the new construction which will be financed by such loans will generally be postponed until the cessation of the present emergency, the properties to be acquired come on the market currently and, if they are to be acquired, must be purchased as they are presented for sale.

In many instances rural electrification on an area basis is impossible without the purchase of such properties. Many unserved farms in the area generally surrounding such a property can be reached only by extensions from the purchased system. Usually such a system serves the more densely settled rural area and its integration with the cooperatives' existing system makes feasible the extension of lines to serve the more sparsely settled territory. In a large measure, however, such extension must wait until critical materials not now available for new construction can be released for this purpose.

It is expected that \$8,250,000 will be allotted for the acquisition of properties from utilities in 1944 and \$3,500,000 for the same purpose in 1945. A certain amount of these funds would be used for immediate rehabilitation which, of course, would require release of materials by war agencies. Our experience has been that such materials would be made available for this purpose.

There is available a list of properties aggregating approximately \$28,000,000 now up for sale or to be placed on the market in the near future, which appear to have value for the REA program. This list includes lines which have been suggested for acquisition but there has been no opportunity to make an adequate survey to determine whether such additional lines might serve to effectuate the REA program. No doubt many of them would be so determined. These private lines now for sale should be acquired, thereby making it possible to extend rural electrification on a widespread basis to a large number of unserved farms.

Rehabilitation and new construction: \$9,750,000 will be needed in 1944 and \$4,500,000 in 1945 for rehabilitation of acquired properties and for the new construction to areas unserved at present which the acquisitions make possible. Since the acquisitions are only incidental to construction to unserved farms it is necessary to make allocations for the entire project. This accords with the decision of the Comptroller General on this subject, and is consistent with the policy of the Congress as reflected by its action on the 1944 appropriation.

Rehabilitation and extensions, contingent on acquisition of properties, will provide an instantly available works program if needed in the period of transition from war to a peacetime economy.

Progress and Current Program:

By June 30, 1943, Rural Electrification Administration had allotted a total of \$466,881,323 to 869 borrowers for the construction of an estimated 414,287 miles of rural lines and other facilities. As of the same date the total advance of funds amounted to \$369,152,582. There were 1,041,821 consumers receiving electric service from the 381,747 miles of line in operation. Table No. 1 below shows similar statistics for previous years. Of the 869 borrowers of funds from Rural Electrification Administration 796 were nonprofit or cooperative enterprises, 52 public bodies, and 21 private utilities.

The cumulative figures presented in the following table show the progress in making allotments under the rural electrification program.

Table No. 1 - ALLOTMENTS

Date	Total net allotments all purposes	Miles to be constructed (Allotment estimate)	Consumers to be served (Allotment estimate)
June 30, 1936.....	\$ 13,903,412	13,072	48,997
June 30, 1937.....	58,936,217	54,407	193,529
June 30, 1938.....	88,172,436	80,951	282,802
June 30, 1939.....	227,236,949	209,818	724,999
June 30, 1940.....	268,972,949	251,642	854,828
June 30, 1941.....	369,027,621	356,053	1,171,867
June 30, 1942.....	460,180,345	409,490	1,345,107
June 30, 1943.....	466,881,323	414,287	1,358,114

The cumulative figures presented in Table No. 2 found on following page, show the progress in advancing funds for building lines and connecting consumers.

Table No. 2 - CONSTRUCTION

Date	Funds advanced	Miles energized	Consumers connected
June 30, 1936.....	823,262	400	693
June 30, 1937.....	11,864,836	8,000	19,611
June 30, 1938.....	60,040,810	41,736	104,528
June 30, 1939.....	122,339,824	115,230	238,000
June 30, 1940.....	221,287,284	232,978	549,604
June 30, 1941.....	296,395,142	307,769	779,561
June 30, 1942.....	354,616,010	369,129	981,193
June 30, 1943.....	369,152,582	381,747	1,041,821

On the basis of present operations, the 869 borrower systems in operation are annually distributing over one and one-half billion kilowatt hours of electric power for which consumers are paying over 51 million dollars on an annual basis. The average wholesale rate for electric power purchased by Rural Electrification Administration financed systems has been declining from year to year: from 1.21 cents per KWH in the fiscal year 1939, to 1.09 cents in 1940, to 1 cent in 1941 and down to 0.94 cents in 1942.

Table No. 3 shows, by the trends in significant operating statistics, that borrowers are progressing toward a level of financial stability which will enable them to meet from their revenues all expenses, including interest, and the necessary reserves to safeguard and amortize the capital sums lent by the Federal Government.

Table No. 3 - OPERATING STATISTICS OF REA-FINANCED SYSTEMS BY AGE GROUPS--
DECEMBER 1942

Age (Months)	Systems included	Consumers per mile	KWH per consumer	Percent minimum bills	Gross revenue per mile
1 - 12	49	2.31	51	35	7.29
13 - 24	138	2.35	55	33	9.13
25 - 36	286	2.36	60	29	9.59
37 - 48	229	2.60	71	26	11.14
49 and over	84	2.89	82	20	14.02

The financial status of borrowers and their record of interest and principal payments on the Government Loans are particularly gratifying. By June 30, 1943, borrowers had paid a total of \$45,623,872.28 in interest and principal, or \$12,412,648.05 (37 percent) in excess of the \$33,211,224.23 due as of that date. Payments overdue more than 30 days on that date amounted to \$181,125.91 or about one-half of one percent of the amount due. In addition 411 borrowers had retired in full one or more of their individual notes amounting to \$3,082,103.82.

Table No. 4 - INTEREST AND PRINCIPAL PAYMENTS OF REA BORROWERS
AS OF JUNE 30, 1943

Accounts	: Loans for lines: : and generating: : plants	: Loans for : wiring and : plumbing	: Total
Interest:	:	:	:
Current Notes:	:	:	:
Due	: \$23,928,293.52	: \$ 223,513.25	: \$24,151,806.77
Paid within 30 days:	: 23,770,850.70	: 217,228.74	: 23,988,079.44
Principal:	:	:	:
Current Notes:	:	:	:
Due	: 6,276,044.71	: 2,783,372.75	: 9,059,417.46
Paid within 30 days:	: 18,915,578.04	: 2,720,214.80	: 21,635,792.84
Overdue Amounts:	:	:	:
Current Notes:	:	:	:
Interest	: 108,196.93	: 5,606.78	: 113,803.71
Principal	: 13,263.98	: 54,058.22	: 67,322.20
Total	: 121,460.91	: 59,665.00	: 181,125.91
Notes Paid in Full:	:	:	:
Interest	: 148,481.28	: 77,157.44	: 225,638.72
Principal	: 1,442,255.57	: 1,414,209.53	: 2,856,465.10
Total	: 1,590,736.85	: 1,491,366.97	: 3,082,103.82
Advance Payments:	:	:	:
Current Notes . . .	: 12,663,787.57	: - -	: 12,663,787.57

This table reveals that while the great majority of REA borrowers are making their interest and principal payments on time and in accordance with contractual provisions, some are making payments in advance, and a few are delinquent. Every lending agency experiences similar situations at one time or another. In many instances the overdue payments reflect adverse conditions which have prevented borrowers from completing or bringing into full operation their lines in accord with predetermined schedules; in some cases, they reflect delayed construction resulting from spite-line activities of private companies and injunctions; and in others increase in consumption of power or density at a slower rate than anticipated.

(c) Working Funds (Rural Electrification Administration)

This Budget schedule covers obligations in 1943 under advances, pursuant to Section 601 of the Economy Act of June 30, 1932, for services performed for other agencies as indicated in the following statement of obligations under supplemental funds.

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

Project	Obligations, 1943	Estimated Obligations, 1944	Estimated Obligations, 1945
<u>Working Fund Advances</u>			
<u>From:</u>			
<u>War Production Board.</u>			
Travel expenses in connection with organization of farmer cooperatives in a scrap drive	\$ 67,210	--	--
<u>Office of Coordinator of Inter-American Affairs. Training citizen engineers of other American Republics in United States methods of rural electrification.</u>	59,100	--	--
Total, Obligations Under Supplemental Funds. .	126,310	--	--

FARM CREDIT ADMINISTRATION

(a) Salaries and Expenses

Appropriation Act, 1944:

Direct appropriation.....	\$689,259	
Transfer from "Farmers' crop production and harvesting loans".....	+3,938,561	
Amounts chargeable against corporations within Farm Credit Administration structure (Reflects revised assessments to include cost of overtime).....	+3,389,459	
Estimated additional transfer from "Farmers' crop production and harvesting loans" for overtime pay under the War Overtime Pay Act of 1943.....	<u>+573,454</u>	
Total anticipated available, 1944.....		\$8,590,733

Budget estimate, 1945:

Direct appropriation.....	\$626,321	
Transfer from "Farmers' crop production and harvesting loans".....	+4,459,480	
Amounts chargeable against corporations within Farm Credit Administration structure.....	<u>+3,250,954</u>	
Total anticipated available, 1945.....		<u>8,336,755</u>
Decrease.....		<u>-253,978</u>

PROJECT STATEMENT BY SOURCE OF FUNDS

The Farm Credit Administration obtains its administrative expense funds from three principal sources: (a) by direct appropriations; (b) by reappropriation; and (c) by assessment against corporations operating within the Farm Credit Administration structure. The following statement sets forth a comparison of funds received, or estimated to be received, by source:

Source	: Actual, : Estimated, : Estimated : Increase or
	: 1943 : 1944 : 1945 : decrease
1. Direct appropriation.....	: \$2,684,854 : \$689,259 : \$626,321 : -\$62,938
2. Reappropriation (by transfer from crop loan funds).....	: 3,617,148 : ^{a/} 4,512,015 : 4,459,480 : -52,535
3. Amounts chargeable against corporations, banks, etc. within the FCA structure....	: 2,040,212 : 3,389,459 : 3,250,954 : -138,505
Total.....	: <u>8,342,214</u> : <u>8,590,733</u> : <u>8,336,755</u> : <u>-253,978 (1)</u>

a/ Includes \$573,454 in addition to the amount reappropriated by the 1944 Act; additional amount estimated to be required to enable FCA to fully absorb overtime costs within total available funds.

DECREASE

(1) The decrease of \$253,978 is made possible by reducing all phases of field training and education requiring travel; delegating to district units certain supervisory functions formerly performed by the Central Office, such as the review and approval of national farm loan association budgets, loan analysis work, and classification of loan areas; the discontinuance of certain financial and statistical reports; and a simplification of procedures.

Detailed statement of sources of funds, 1945:

(a) Estimate of appropriation from general fund of the Treasury.....		\$626,321
(b) Estimated reappropriation from funds previously appropriated for the making and collecting of crop loans pursuant to the Act of January 29, 1937, for administrative expenses in connection with the making and collecting of crop, feed, and drought loans in 1945.....		4,459,480
(c) Assessments, reimbursements, etc:		
1. From Federal Farm Mortgage Corporation for services and facilities made available by the Farm Credit Administration.....	659,532	
2. From assessments for administrative supervision of banks for cooperatives (including reimbursement for administrative expenses from the Central Bank for Cooperatives).....	305,817	
3. From assessments for administrative supervision of Federal land banks.....	869,371	
4. From the Reconstruction Finance Corporation for supervision of regional agricultural credit corporations. These corporations were chartered by the Reconstruction Finance Corporation and were transferred to the Farm Credit Administration by Executive Order on May 27, 1933. Under existing law the Reconstruction Finance Corporation is required to pay the cost of their supervision.....	65,245	
5. From assessments for administrative supervision of Federal intermediate credit banks.....	221,854	
6. From assessments for administrative supervision of production credit corporations	286,160	
7. From assessments for examination of institutions administered by the Farm Credit Administration.....	742,975	
8. From the Regional Agricultural Credit Corporation of Washington, D.C., for services and facilities made available by the Farm Credit Administration.....	100,000	3,250,954
Total estimated available, Farm Credit Administration, 1945.....		<u>8,336,755</u>

CHANGES IN LANGUAGE

The estimate includes proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

"For salaries and expenses of the Farm Credit Administration in the District of Columbia and the field, including * * * purchase of manuscripts, data, and not to exceed \$10,000 for special reports by personal service without regard to the provisions of any other Act; * * * [Provided, That hereafter the requirement (12 U.S.C. 952) that Federal land banks and joint stock land banks shall be examined at least twice each year is hereby modified so that such examinations need be made only once each year:] Provided [further], That hereafter the expenses and salaries of employees engaged in such examinations shall be assessed against the said corporations, banks, or institutions in accordance with the provisions of existing laws except that the amounts collected from the Federal land banks, joint stock land banks, and Federal intermediate credit banks pursuant to the Act of July 17, 1916, as amended (12 U.S.C. 657), shall be covered into the Treasury and credited to a special fund, and the Administration shall estimate the cost to the Farm Credit Administration of the administrative supervision of the Federal land banks, the banks for cooperatives, the Federal intermediate credit banks, and the production credit corporations for [the] each fiscal year [1944] and shall apportion the amount so determined among such banks and corporations on such equitable basis as said Administration shall determine, and shall assess and collect such amounts in advance from such banks and corporations and the amount so collected shall be covered into the Treasury and credited to said special fund, which fund is hereby made available to said Administration for expenditure for the purposes set forth in [this] its annual appropriation: Provided further, That as soon as practicable after June 30 [, 1944,] of each fiscal year said Administration shall determine on a fair and reasonable basis, (1) the cost of the examination services rendered during [the] such fiscal year [1944] to each Federal land bank, joint stock land bank, and Federal intermediate credit bank and (2) the amount which fairly and equitably should be allocated to each Federal land bank, bank for cooperatives, Federal intermediate credit bank, and production credit corporation as the cost during [the] such fiscal year [1944] of their administrative supervision, and if the sum of these two items in any case is greater than the total amount collected from the bank or the corporation concerned, the difference shall be collected from such bank or corporation or, if less, shall be refunded from said special fund to the bank or the corporation entitled thereto; in all, [\$689,259] \$626,321, together with not to exceed [\$3,938,561] \$4,459,480 from the funds made available to the Farm Credit Administration pursuant to the Act of January 29, 1937 (12 U.S.C. 1020i-1020n, 1020o)."

1. The placing of a \$10,000 limitation on the amount which may be expended for special reports by personal services without regard to the provisions of any other Act. The change is pursuant to a general policy of the Bureau of the Budget and the Civil Service Commission to establish limitations on expenditures for the employment of personal services excepted from the requirements of civil service and classification laws.

2. The deletion of the proviso requiring the examination of Federal land banks and joint stock land banks only once each year. In view of the action of Congress in inserting the word "hereafter" in the language of the Agricultural Appropriation Act, 1944, it is not necessary to continue this proviso in the annual appropriation act.

3. The deletion of specific fiscal year references in that part of the language which provides for assessments for, and advance collection of, costs of supervision and examination of banks and institutions operating under the general direction of the Farm Credit Administration. These deletions and the substitution of the words and phrases having applicability to more than one fiscal year will preclude the necessity for including these assessment provisions in appropriation language each year. The proposed changes do not otherwise affect the scope or intent of the language as contained in the 1944 Appropriation Act.

Statement of Overtime Costs

	: 1943	: Est. 1944	: Est. 1945
	:	:*	:**
Overtime absorbed.....	: \$518,555	: \$1,065,957	: \$1,040,560
Additional funds for overtime (appropriated, 1943, estimated supplemental, 1944; and included in budget estimate, 1945).....	: - - -	: - - -	: - - -
Total cost of overtime (7 months in 1943).....	: 518,555	: 1,065,957	: 1,040,560

* To enable FCA to fully absorb this cost within total funds available, it will be necessary to secure authorization for an additional transfer of \$573,454 from the unobligated balance of the appropriation "Farmers' crop production and harvesting loans".

** To enable FCA to fully absorb this cost, the estimates provide for an additional transfer of \$520,919 in 1945 (in lieu of the \$573,454 estimated additional for 1944) from the unobligated balance of the appropriation "Farmers' crop production and harvesting loans".

WORK UNDER THIS APPROPRIATION

General Statement: The Farm Credit Administration supervises, coordinates, and administers a national program of agricultural credit pursuant to Executive Order No. 6084, dated March 27, 1933, and the various acts referred to in the following brief description of the functions of the respective institutions, funds, or activities:

1. The Federal land banks and national farm loan associations were established pursuant to the provisions of the Federal Farm Loan Act, approved July 17, 1916 (39 Stat. 360). The twelve Federal land banks, established in 1917, under this authority and in conjunction with national farm loan associations, provide farmers with long-term credit for financing the purchase of land, the erection of buildings, the purchase of machinery and equipment, the liquidation of indebtedness incurred for agricultural purposes (or incurred prior to January 1, 1937), and for other agricultural purposes. (See Table 4.)
2. The Federal intermediate credit banks were established pursuant to the provisions of the Agricultural Credits Act of 1923, approved March 4, 1923 (42 Stat. 1454). The twelve intermediate credit banks, established in 1923, are agricultural banks of discount and are not authorized to make loans to individuals. The loans and discounts made by the banks must be for agricultural purposes and have a maturity at the time they are made or discounted by the banks of not more than three years. (See Table 5.)
3. The production credit corporations and associations were established pursuant to the provisions of the Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257). The twelve production credit corporations, organized in 1933, were established to organize, to assist in capitalizing, and to supervise the operations of the production credit associations. The associations are composed of farmer-borrowers organized to meet the production credit needs of local agricultural communities by making loans and discounting them with the Federal intermediate credit banks. (See Table 6.)
4. The banks for cooperatives were established pursuant to the provisions of the Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257). These banks extend credit to cooperative associations of farmers engaged in (1) processing, preparing for market, handling or marketing farm products; (2) purchasing, testing, grading, processing, distributing, or furnishing farm supplies; or (3) furnishing farm business services. In addition to the twelve district banks for cooperatives, there is a Central Bank for Cooperatives which makes loans to farmers' cooperative associations of national or broad regional scope. The division of lending authority between the Central Bank for Cooperatives and the district banks for cooperatives is prescribed by the Governor of the Farm Credit Administration in such manner as best prevents duplication of effort and secures greatest efficiency in extending benefits to borrowers. (See Table 7.)

5. The emergency crop and feed loan activities have been administered pursuant to the provisions of the Acts of January 29, 1937 (50 Stat. 5), and February 4, 1938 (52 Stat. 26), and various prior acts. As a part of its emergency aid to agriculture, Congress has made available funds for emergency loans to farmers for crop production, the purchase of feed for livestock, and for similar purposes. Prior to 1932, such loans were restricted to flood, drought, or storm-stricken areas, but in recent years, with the exception of the 1934 drought relief appropriation, there has been no limitation as to area. (See Table 8.)

6. The regional agricultural credit corporations were established pursuant to the provisions of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 713). These corporations were organized by the Reconstruction Finance Corporation in accordance with section 201 (3) of that Act. The corporations were placed in voluntary liquidation in 1934, following the establishment of the production credit system. In January 1943 the Regional Agricultural Credit Corporation of Washington, D. C., was called upon by the Secretary of Agriculture to undertake a program of financing the production of food and fibers needed in the war effort, for assurance that all-out production would in no way be impeded by lack of credit. Two types of loans, both conditioned on increased production, were made available to farmers: (1) a full liability loan on the security of general agricultural production, and (2) a limited liability loan made only on the security of certain crops designated by the Secretary of Agriculture and repayable only from the proceeds of such crops produced. This program was terminated on June 30, 1943. (See Table 9.)

7. Joint stock land banks were organized pursuant to the provisions of the Federal Farm Loan Act, approved July 17, 1916 (39 Stat. 360). Joint stock land banks are privately capitalized institutions and are managed by officers who are chosen by boards of directors elected by stockholders. They are subject to the general supervision of, and are examined by, the Farm Credit Administration. The Emergency Farm Mortgage Act of 1933, approved May 12, 1933 (48 Stat. 46), provided that after that date no joint stock land bank should issue new tax-exempt bonds or make any farm loans except as might be necessary and incidental to the refinancing of existing loans or bond issues or to the sale of real estate. On June 30, 1943, 21 joint stock land banks, excluding 3 in receivership, were still in process of liquidation. The Emergency Farm Mortgage Act also established a fund to be administered by the Farm Credit Administration to assist the banks in their liquidation. The fund has now lapsed. (See Table 10.)

8. The Agricultural Marketing Act, approved June 15, 1929 (45 Stat. 11), authorized the establishment of a revolving fund of \$500,000,000 for use by the Federal Farm Board in making loans to cooperative associations and to stabilization corporations. The purpose of the fund, as expressed in the Act, was to protect, control, and stabilize the currents of interstate and foreign commerce in the marketing of agricultural commodities and their food products. The supervision and administration of the fund were transferred to the Farm Credit Administration by Executive Order No. 6084, dated March 27, 1933. With the organization of the banks for cooperatives in 1933, the fund was placed in liquidation. (See Table 11.)

9. Pursuant to the provisions of the Cooperative Marketing Act of 1926 (44 Stat. 802), the Farm Credit Administration renders services to associations of producers of agricultural products and federations and subsidiaries thereof engaged in the cooperative marketing of agricultural products including processing, warehousing, manufacturing, storage, and the cooperative purchasing of farm supplies, credit, financing, insurance, and other cooperative activities.

This appropriation provides for the general administrative expenses of the Farm Credit Administration in discharging its responsibilities for supervision, coordination, and examination of the banks and corporations named above, the making and collecting of emergency crop, feed, and seed loans, the liquidation of the Agricultural Marketing Revolving Fund, and the extension of services to cooperative associations of agricultural producers. With the exception of the crop loan program which is administered by employees of the Farm Credit Administration, the present agricultural lending program under the supervision of the Farm Credit Administration is carried forward through corporations operating in the twelve farm credit districts into which the continental United States is divided.

(Note: A budget statement pertaining to the activities of the Federal Farm Mortgage Corporation is included later in these explanatory notes as a separate submission).

Current Program: The Farm Credit Administration, in discharging its statutory responsibility for the supervision, coordination, and administration of the various agricultural lending enterprises within its structure, is continuing to emphasize the wartime problems in the field of agricultural credit. In recognition that farm income has risen substantially, farmers are being urged to reduce their indebtedness, buy war bonds, and provide reserves for the future out of their increased income. All Federal land banks and production credit corporations have qualified as agents of the Treasury Department for the sale of war bonds to farmers and are utilizing the services and facilities of national farm loan associations and production credit associations in so doing. They are also urging farmers to make provision for payment of income taxes. To combat inflationary trends, farm mortgage credit is being extended on the basis of normal values, and other lenders are being urged to do likewise. Demands for new credit are being met promptly within farm credit policies, and all assistance possible is being given to the financing and attaining of the production goals of agriculture for food and fibre.

Selected Data on Operations of Agricultural Lending Programs: There follow schedules which reflect the amount of loans made during the last three years, the amount of loans outstanding as of the end of each such year, the gross assets at the end of each such year, and selected comparative data for each of the programs administered or supervised by the Farm Credit Administration.

FARM CREDIT ADMINISTRATION

Table 1 - Amount of loans made, fiscal years 1941, 1942 and 1943

Institution	1941	1942	1943
Farm mortgage loans:			
Federal land banks.....	\$69,606,525:	\$62,004,817:	\$53,756,513
Land Bank Commissioner.....	40,208,440:	34,956,322:	26,575,767
Joint stock land banks.....	52,954:	78,881:	3,857
Total.....	109,867,919:	97,040,020:	80,336,137
Short-term credit:			
Production credit associa-			
tions a/ b/.....	383,864,580:	461,147,273:	502,547,612
Emergency crop loans.....	18,429,004:	20,348,645:	18,689,323
Orchard rehabilitation			
loans.....	- -	10,605:	2,120
Regional agricultural			
credit corporations a/	4,220,382:	6,360,358:	c/ 60,503,950
Federal intermediate			
credit banks (excluding			
loans to cooperatives)a/	567,427,645:	696,769,661:	876,152,952
Total.....	973,941,611:	1,184,636,542:	1,457,895,957
Loans to cooperatives:			
Federal intermediate			
credit banks a/.....	4,697,958:	7,652,983:	7,801,609
Banks for cooperatives.....	130,900,052:	200,943,418:	267,289,848
Agricultural Marketing Act:			
revolving fund a/.....	3,279,420:	5,848,100:	3,179,100
Total.....	138,877,430:	214,444,501:	278,270,557
Subtotal.....	1,222,686,960:	1,496,121,063:	1,816,502,651
Joint stock land bank			
liquidation fund.....	- -	- -	- -
Grand total.....	\$1,222,686,960:	\$1,496,121,063:	\$1,816,502,651

a/ Includes renewals.

b/ Includes data for associations which have been placed in liquidation.

c/ Includes food production loans in the amount of \$53,292,370.

FARM CREDIT ADMINISTRATION

Table 2 - Amount of loans outstanding as of June 30, for specified years

Institution	1941	1942	1943
Farm mortgage loans:			
Federal land banks	\$1,817,937,635	\$1,705,805,529	\$1,489,449,958
Land Bank Commissioner ...	630,118,518	567,745,303	463,257,083
Joint stock land banks ...	43,630,085	27,365,970	14,319,859
Total	2,491,686,238	2,300,916,802	1,967,026,900
Short-term credit:			
Production credit			
associations ^{a/}	221,418,627	247,895,491	256,990,833
Emergency crop loans ...	129,800,222	130,398,551	123,953,513
Drought relief loans ...	49,686,621	46,655,030	42,335,735
Orchard rehabilitation			
loans	--	10,605	11,825
Regional agricultural			
credit corporations ..	6,657,881	4,248,546 ^{b/}	53,754,326
Federal intermediate			
credit banks (excluding			
loans to cooperatives)	266,701,076	307,033,553	324,204,416
Total	674,264,427	736,241,776	801,250,648
Loans to cooperatives:			
Federal intermediate			
credit banks	689,061	1,054,005	400,000
Banks for cooperatives..	73,746,996	101,225,869	101,885,250
Agricultural Marketing			
Act revolving fund ...	15,643,543	12,628,301	10,851,956
Total	90,079,600	114,908,175	113,137,206
Subtotal	3,256,030,265	3,152,066,753	2,881,414,754
Joint stock land bank			
liquidation fund	2,883	--	--
Grand total	\$3,256,033,148	\$3,152,066,753	\$2,881,414,754

^{a/} Includes data for associations which have been placed in liquidation.

^{b/} Includes food production loans in the amount of \$51,598,392.

FARM CREDIT ADMINISTRATION

Table 3 - Gross assets as of June 30, for specified years

Institution	1941	1942	1943
Farm mortgage credit:			
Federal land banks	\$2,283,232,240	\$2,235,246,218	\$2,065,198,506
Federal Farm Mortgage Corporation	1,509,472,342	1,407,758,484	1,154,861,167
Total	3,792,704,582	3,643,004,702	3,220,059,673
Short-term credit:			
Production credit corporations.....	110,901,691	126,620,124	127,410,206
Production credit associations	314,533,462	368,590,995	388,419,524
Emergency crop and drought relief loans..	202,057,500	196,734,345	193,169,087
Orchard rehabilitation loans	- -	10,605	11,825
Federal intermediate credit banks	322,113,915	389,900,731	382,986,947
Banks for cooperatives ..	128,196,142	194,110,964	233,877,108
Total	1,077,802,710	1,275,967,764	1,325,874,697
Institutions in process of liquidation:			
Regional agricultural credit corporations ...	22,498,898	22,808,151	65,182,794
Agricultural Marketing Act revolving fund a/	262,493,234	261,491,258	261,276,815
Joint stock land banks ..	115,266,407	82,637,097	55,656,617
Total	400,258,589	366,936,506	382,116,226
Joint stock land bank liquidation fund	2,899	- -	- -
Grand total	\$5,270,768,780	\$5,285,908,972	\$4,928,050,596

a/ Includes loans to stabilization corporations.

FEDERAL LAND BANKS

Table 4. Selected comparative data

Item	June 30, 1941	June 30, 1942	June 30, 1943
Gross assets	\$2,283,232,240	\$2,235,246,218	\$2,065,198,506
Loans outstanding:			
Number	608,145	583,601	522,781
Amount	\$1,817,937,635	\$1,705,805,529	\$1,489,449,958
Loans closed during year ended:			
Number	18,155	15,786	13,866
Amount	\$69,606,525	\$62,004,817	\$53,756,513
Repayments of loans during year ended	\$107,197,514	\$151,947,316	\$256,958,809
Loans delinquent:			
Number	121,538	81,226	47,982
Amount	\$402,624,239	\$262,392,800	\$146,523,870
Percent of loans delinquent:			
Number	20.0	13.9	9.2
Amount	22.1	15.4	9.8
Real estate and sheriffs' certificates acquired during the year ended:			
Number	5,515	4,245	2,476
Investment	\$22,710,883	\$17,161,630	\$10,871,391
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	9,642	12,084	8,078
Part	821	896	527
Investment	\$42,279,522	\$57,860,640	\$38,813,943
Real estate and sheriffs' certificates on hand:			
Number	18,799	10,846	5,215
Investment	\$97,277,300	\$54,811,686	\$25,071,884
Bonds outstanding	\$1,714,169,140	\$1,674,556,540	\$1,440,586,200
Capital stock and surplus paid in United States Government	\$213,483,311	\$213,233,203	\$263,096,754
Capital stock owned by borrowers	\$109,487,013	\$105,289,770	\$94,777,883

FEDERAL INTERMEDIATE CREDIT BANKS

Table 5. Selected comparative data

Item	June 30, 1941	June 30, 1942	June 30, 1943
Gross assets.....	\$322,113,915	\$389,900,731	\$382,986,947
Loans and discounts out- standing.....	267,390,138	308,087,558	324,604,416
Loans and discounts made during year ended.....	572,125,603	704,422,644	883,954,561
Debentures outstanding.....	234,665,000	299,470,000	291,985,000
Debentures issued during year.....	352,015,000	418,025,000	423,230,000
Franchise tax paid.....	547,934	315,168	a/ 465,059
Capital stock and surplus owned by U.S. Government...	60,000,000	60,000,000	60,000,000

a/ Does not include \$122,323 franchise tax payable as of June 30, 1943.

PRODUCTION CREDIT CORPORATIONS AND ASSOCIATIONS

Table 6.. Selected comparative data

Item	June 30, 1941	June 30, 1942	June 30, 1943
Production credit corpora- tions:			
Gross assets.....	\$110,901,691	\$126,620,124	\$127,410,206
Production credit associa- tions:			
Gross assets.....	314,533,462	368,590,995	388,419,524
Number of associations..	538	537	a/ 533
Borrower membership.....	257,807	273,284	286,799
Loans made during year ended.....	383,864,580	461,147,273	502,547,612
Loans outstanding.....	221,418,627	247,895,491	256,990,833
Stock owned by borrowers:			
(Class B).....	18,321,512	21,217,912	24,291,412
Stock owned by produc- tion credit corpora- tions (and others)			
(Class A).....	64,545,062	84,945,714	b/ 82,611,239

a/ Includes 527 active associations and 6 associations in liquidation.

b/ Of this amount \$1,324,817 is owned by individuals.

BANKS FOR COOPERATIVES

Table 7. Selected comparative data

Item	June 30, 1941	June 30, 1942	June 30, 1943
Gross assets.....	\$128,196,142	\$194,110,964	\$233,877,108
Number of borrowing coopera- tives.....	1,738	1,735	1,476
Loans and advances made during year ended.....	130,900,052	200,943,418	267,289,848
Loans outstanding.....	73,746,996	101,225,869	101,885,250
Notes purchased from coopera- tives under CCC contracts to purchase during year ended...	27,518,398	47,228,569	98,874,697
Notes purchased from coopera- tives under CCC contracts to purchase outstanding.....	2,726,236	11,897,878	52,111,379
Capital stock or guaranty fund owned by borrowers.....	3,790,100	4,933,300	4,929,800
Capital stock owned by U. S. Government.....	89,000,000	144,000,000	172,000,000

EMERGENCY CROP, FEED, AND SEED LOANS

Table 8. Selected comparative data a/

Loans	Loans made		Principal collected		Balance outstanding June 30, 1943	
	Number	Amount	Amount	Per- cent	Number	Amount
Emergency crop: feed, and seed loans:						
1918-1919....	15,973	\$4,200,883	\$3,148,433	74.9	3,884	\$1,052,450
1921-1931....	556,809	70,835,686	43,982,619	76.2		(16,853,067
1932-1933....	1141,217	121,580,443	92,496,792	76.1		(29,083,651
1934.....	445,188	37,891,586	25,311,551	66.8		(12,580,035
1935.....	424,441	57,419,914	33,068,908	57.6	937,084	(24,351,006
1936.....	188,944	16,629,190	13,430,992	80.8		(3,198,198
1937.....	252,894	32,503,280	22,597,930	69.5		(9,905,350
1938.....	174,557	19,647,535	15,995,293	81.4	37,176	3,652,242
1939.....	139,452	15,079,509	13,869,189	92.0	18,163	1,210,320
1940.....	160,787	19,516,630	17,541,117	89.9	26,795	1,975,513
1941.....	146,740	18,345,912	16,924,867	92.3	22,659	1,421,045
1942.....	137,696	19,686,696	17,241,231	87.6	21,155	2,445,465
1943.....	108,398	16,775,049	549,878	3.3	106,332	16,225,171
Total.....	3,893,096	450,112,313	326,158,800	72.5	1,173,248	123,953,513
Drought loans:						
1934-35.....	300,614	72,008,540	29,672,805	41.2	191,794	42,335,735
Orchard rehabi- litation loans, 1942..	13	12,725	900	7.1	12	11,825
Grand total..	4,193,723	522,133,578	355,832,505	68.1	1,365,054	166,301,073

a/ This data prepared on a calendar (crop) year basis in order to relate collections to loans made. For loan receipts and disbursements on a fiscal year basis, see green sheet tabulation.

REGIONAL AGRICULTURAL CREDIT CORPORATIONS

Table 9. Progress in liquidation of outstanding loans since April 30, 1934

Year	Balance outstanding at beginning of period	Net reduction during period		Balance outstanding at end of period
		Amount	Percent of beginning balance	
1934 (May - December)...	\$144,671,174	\$57,569,415	39.8	\$87,101,759
1935.....	87,101,759	43,701,573	50.2	43,400,186
1936.....	43,400,186	18,112,426	41.7	25,287,760
1937.....	25,287,760	9,695,942	38.3	15,591,818
1938.....	15,591,818	4,510,521	28.9	11,081,297
1939.....	11,081,297	3,076,549	27.8	8,004,748
1940.....	8,004,748	2,149,656	26.9	5,855,092
1941.....	5,855,092	323,608	5.5	5,531,484
1942 (January - June)...	5,531,484	1,282,938	23.3	4,248,546
1943 (July 1, 1942 to : June 30, 1943)...	4,248,546	2,092,612	49.3	2,155,934
		Loans and		Balance
		advances made	Repayments	outstanding
				at end
				of period
Food production loans.....	\$53,292,370	\$1,693,978		\$51,598,392

JOINT STOCK LAND BANKS

Table 10. Selected comparative data
(Including banks in receivership)

Item	June 30, 1941	June 30, 1942	June 30, 1943
Gross assets.....	\$115,266,407	\$82,637,097	\$55,656,617
Number of banks.....	38	31	24
Loans outstanding:			
Number.....	13,241	7,917	3,997
Amount.....	\$43,630,085	\$27,365,970	\$14,319,859
Loans delinquent.....	\$8,475,189	\$3,918,008	\$1,700,722
Percent delinquent.....	19.4	14.3	11.9
Number of properties held.....	4,179	2,828	1,738
Real estate, sheriffs' certifi- cates, purchase money mort- gages, contracts, and real estate notes receivable.....	\$59,449,261	\$44,995,084	\$27,225,070
Bonds and notes payable.....	\$91,897,020	\$59,703,131	\$38,871,022

AGRICULTURAL MARKETING ACT REVOLVING FUND

Table 11. Progress in liquidation

Date	Loans outstanding	Balance of assets acquired in liquidation of loans
May 26, 1933	\$466,242,668	- -
December 31, 1933	334,091,770	\$3,464,226
December 31, 1934	146,910,639	289,725
December 31, 1935	115,858,541	606,355
December 31, 1936	121,761,863	594,465
December 31, 1937	98,970,777	9,265,868
December 31, 1938	91,183,004	8,596,988
December 31, 1939	87,207,043	8,073,060
December 31, 1940	^{a/} 16,461,370	7,707,201
June 30, 1941	15,643,543	6,978,825
June 30, 1942	12,628,301	7,532,134
June 30, 1943	10,851,956	4,914,177

^{a/} During the year 1940, loans to stabilization corporations were reported to the Comptroller General of the United States for collection, and therefore have been removed from loans outstanding.

(b) Farmers' Crop Production and Harvesting Loans,
Farm Credit Administration

	Fiscal Year	
	1944	1945
Available funds:		
Reappropriations.....	\$10,386,331	\$8,355,043
Collections (pursuant to Public No. 674).....	20,000,000	20,000,000
Total.....	30,386,331	28,355,043
Obligations:		
Loans.....	23,000,000	23,000,000
Transfer to "Salaries and expenses, Farm Credit Administration".....	3,938,561	4,459,480
Total.....	26,938,561	27,459,480
Net available.....	3,447,770	895,563
Deduct estimated funds available for reappropriation in succeed- ing year.....	-8,355,043	-895,563
Total estimate or appropriation...	<u><u>-\$4,907,273</u></u>	<u><u>\$ - -</u></u>

WORK UNDER THIS APPROPRIATION

General statement: The Emergency Crop and Feed Loan Division is responsible for the making and collection of loans authorized by the Act of January 29, 1937 (50 Stat. 5), as amended by Joint Resolution of February 4, 1938 (52 Stat. 26), as well as the collection of all loans made under preceding Acts of Congress of a similar nature. The loans authorized by this Act are not available under its terms to farmers who can obtain loans for similar purposes from usual commercial or other Farm Credit sources. The loans are limited to crop production purposes and production or purchase of feed for livestock, that is, designed to enable farmers who are unable to obtain credit from other sources to carry on their normal farming operations.

Prior to 1932, loans were limited by Congress to certain areas which had been affected by flood, drought, or other acts of nature, but beginning with 1932 and each subsequent year, with the exception of the 1934 drought relief appropriation, the making of crop loans has been authorized on a national basis.

Current Program: The emergency crop and feed loan program, under the Act of January 29, 1937 (50 Stat. 5), provides loans to farmers who are unable to obtain credit from usual commercial or Farm Credit sources. The lending program is being directed to aid in the achievement of the production goals of agriculture for food and fiber and the borrowers are urged to produce sufficient garden products for the subsistence of themselves and their families, as well as forage for the maintenance of livestock which will relieve the pressure on transportation facilities, and for the subsistence necessities which might otherwise be purchased in local markets.

In addition, the current loan program is devoting its attention to collections on outstanding accounts of loans made in 1921 and subsequent years. Farm income has been such that collections on these old loans have been exceedingly satisfactory. However, as heretofore, it is not the policy to force collections when to do so will impose hardship upon the borrowers.

Table 8 contains a tabulation of selected data on the operations under this program.

(c) Orchard Rehabilitation Loans

This budget schedule shows, for the fiscal year 1943, obligations under the reappropriation of \$400,000 made by the Second Deficiency Appropriation Act, 1942, from the \$1,000,000 originally appropriated by the Third Supplemental National Defense Appropriation Act, 1942.

(d) Agricultural Marketing Revolving Fund

This budget schedule reflects actual and estimated transactions under the revolving fund established by the Agricultural Marketing Act of June 15, 1929, (46 Stat. 28). Expenditures out of this fund are to cover loans to cooperative associations, solely to protect loans previously made to such associations in order to provide for orderly liquidation of the total indebtedness; for the maintenance of property secured by foreclosures; and for subscriptions to capital stock of the Banks for Cooperatives. Collections of principal and interest and proceeds from the rental or sale of properties secured under foreclosure proceedings are likewise shown.

(e) Loans to Agricultural Credit Corporations, Revolving Fund

This schedule shows collections of principal of loans made pursuant to the provisions of the act of March 3, 1932 (47 Stat. 60). No obligations were incurred or are anticipated from this fund during 1943, 1944, and 1945.

(f) Federal Intermediate Credit Banks Revolving Fund

This schedule is for the purpose of showing the status of the revolving fund under the Farm Credit Act of 1933, as amended, which provided for a revolving fund of not to exceed \$40,000,000, which may be used by the Governor of the Farm Credit Administration, with the approval of the Secretary of the Treasury, for subscriptions to the capital stock and/or paid-in-surplus of Federal Intermediate Credit Banks. No expenditures were made or are anticipated from this fund during the fiscal years 1943, 1944 or 1945.

(g) Farmers' Crop Production and Harvesting Loans, (1935-1936)

This schedule reflects collections of principal and interest of loans made pursuant to the First Deficiency Appropriation Act, fiscal year 1943, approved March 21, 1943, (49 Stat. 49).

(h) Loans and Relief in Stricken Agricultural Areas, (1934-1935)

This schedule shows collections of principal on loans made in drought-stricken areas during the fiscal years 1934 and 1935, pursuant to the Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934 (48 Stat. 1056).

(i) Farmers' Crop Production and Harvesting Loans, (1934-1935)

This schedule reflects collections of principal and interest on loans made to farmers under the provisions of the joint resolution of March 10, 1934 (48 Stat. 402).

(j) Farmers' Seed, Feed and Rehabilitation Loans, (1921-1931)

This schedule shows collections of principal of loans made to farmers for the purchase of feed, seed, and fertilizer and for rehabilitation purposes made under the provisions of several Acts of Congress during the years 1921 to 1931, inclusive.

(k) Emergency Farm Credit Relief, Crop Production Loans (RFC Funds)

This schedule reflects collections of principal and interest on loans made to farmers under the provisions of the Reconstruction Finance Corporation Act of January 22, 1932, as amended by the Act of February 4, 1933.

(1) Emergency Farm Credit Relief, Supervision Expense Funds,
Regional Agricultural Credit Corporations

Under the Emergency Relief and Construction Act of July 21, 1932, authority was granted to create in any of the 12 Federal Land Bank Districts, a Regional Agricultural Credit Corporation with a paid-up capital of not less than \$3,000,000 to be subscribed for and paid by the RFC out of the unexpended balance of funds made available to the Secretary of Agriculture under Section 2 of the Act of January 22, 1932. Under Executive Order No. 6084, dated March 27, 1933, the responsibility for supervision of the Regional Agricultural Credit Corporations was transferred to the Farm Credit Administration, although funds to cover expense of supervision continue to be supplied by the RFC. The budget schedule is for the purpose of reflecting the receipt and obligation of necessary supervisory expense funds.

(m) Emergency Farm Credit Relief, Operating Expenses, Regional
Agricultural Credit Corporations (R.F.C. funds)

This schedule reflects the receipt and obligation of funds provided for the operation of Regional Agricultural Credit Corporations. Under the Act of July 21, 1932, (47 Stat. 713), the Reconstruction Finance Corporation was authorized to create in any of the 12 Federal Land Bank Districts, a Regional Agricultural Credit Corporation with a paid up capital of not less than \$3,000,000, such capital to be subscribed by the RFC and paid for out of the unexpended balance of funds allocated and made available to the Secretary of Agriculture under Section 2 of the Reconstruction Finance Corporation Act of January 22, 1932. The responsibility for the operation of these Corporations was transferred to the Farm Credit Administration under Executive Order No. 6084, dated March 27, 1933, although the RFC continues to supply the funds for such operation.

FEDERAL FARM MORTGAGE CORPORATION

(a) Salaries and Expenses *

Appropriation Act, 1944	\$7,822,000
Budget Estimate, 1945	<u>8,200,000</u>
Increase	<u>\$+ 378,000</u> (1)

* Payable from funds of the Corporation

INCREASE

(1) The estimate for 1945 reflects an increase at this time of \$378,000 over the amount presently authorized for 1944. This increase is due to additional expenses which it is estimated will be necessary in 1945 to continue the making of land bank commissioner loans as authorized by Public 91, approved June 26, 1943, which extended from July 1, 1943 to July 1, 1945 authority to make such loans. However, it is now estimated that additional funds required to cover expenses necessary to continue the making of these loans during the fiscal year 1944 will increase total requirements for such fiscal year by \$378,000. If the additional funds required for 1944 are made available, the estimate for 1945 will involve no increase over 1944.

WORK UNDER THIS APPROPRIATION

General statement: The Federal Farm Mortgage Corporation was created by the Federal Farm Mortgage Corporation Act, approved January 31, 1934 (48 Stat. 344). It is a wholly owned government corporation designed (1) to assist in financing the Federal land banks during periods of emergency, and (2) to provide funds for loans to be made by the Land Bank Commissioner, pursuant to the provisions of Section 32 of the Emergency Farm Mortgage Act of 1938 (48 Stat. 48).

The business of the Corporation is handled for it by other agencies or departments of the Government authorized by law to make their services and facilities available to the Corporation. Services are performed for the Corporation by the Farm Credit Administration;

the twelve Federal land banks, one in each Farm Credit District; the Federal reserve banks; the Treasury Department; and the Bureau of Agricultural Economics of the Department of Agriculture. The expenses of the Corporation are incurred originally by the agencies performing the service for the Corporation and the Corporation reimburses each of them for the service so rendered. It is estimated that \$8,200,000 of the funds of the Corporation will be required for this purpose in 1945.

There follows a summarization of the estimates of the amount of expenses to be incurred by the various offices and agencies in performing services for the Corporation:

1. Federal land banks. The Federal land banks, as agents of the Federal Farm Mortgage Corporation, service Land Bank Commissioner loans and handle the servicing and sale of real estate on behalf of the Corporation. It is estimated that the cost of such services will be \$7,341,924

2. Farm Credit Administration, Kansas City, Mo. The central office of the Administration through its personnel and the facilities available to it furnishes statistical and research information, maintains the Corporation's Central Office accounting records, audits its vouchers prior to disbursement, exercises supervision over the Federal land banks in the making and servicing of the Corporation's loan business and serves in other advisory or administrative capacities. The cost of such services is estimated at 659,532

3. United States Treasury Department:

Public Debt Service: The Public Debt Service receives Corporation bonds from the Bureau of Engraving and Printing and retains custody of them until shipped to Federal reserve banks for issuance; maintains records concerning outstanding Corporation bonds and unissued coupon bonds in the hands of Federal reserve banks; audits the accounts of the Federal reserve banks with respect to the issuance of Corporation bonds; handles bond exchange transactions and maintains proper records in connection therewith; and audits canceled securities. The estimated cost of these services is 45,000

Treasurer of the United States: The Treasurer of the United States acts as custodian for securities owned by the Corporation; acts as depositary for the cash of the Corporation; redeems the bonds and interest coupons when matured, and issues and pays checks on the basis of certificates of the Public Debt Service for interest on registered bonds. The cost of these services is estimated at 16,000

4. Federal reserve banks. The Federal reserve banks as fiscal agents of the United States maintain stocks of unissued Federal Farm Mortgage Corporation coupon bonds for the purpose of making denominational exchange. They also receive subscriptions to purchase Corporation bonds when they are publicly offered and make delivery of the bonds and collect the proceeds of the sales for the account of the Corporation. They also pay, when presented, matured interest coupons and bonds of the Corporation for which they are reimbursed from Corporation funds on deposit with the Treasurer of the United States. The cost of services to be performed by the Federal reserve banks is estimated at ...50,000

5. Bureau of Agricultural Economics, Department of Agriculture: The Bureau of Agricultural Economics of the Department of Agriculture renders services to the Mortgage Corporation in the formulating of programs for the better adaptation of farm mortgage loans to the requirements of sound land use and agricultural adjustment in various states and localities. The cost of the services of the Bureau of Agricultural Economics in this connection for the year 1945 is estimated at 52,444

6. Miscellaneous general. It is estimated that there will be miscellaneous expenses to be paid by the Corporation to others than the agencies enumerated in the amount of 35,100

Total, estimated administrative expenses, 1945 \$8,200,000

Current program: The authority of the Federal Farm Mortgage Corporation to make land bank commissioner loans, which otherwise would have expired on July 1, 1943, was extended to July 1, 1945, by Public Law No. 91, 78th Congress, approved June 26, 1943. The current program of the Corporation, therefore, will include the making of new loans as well as the servicing of outstanding loans and acquired real estate. As in the past, new loans will be made on the basis of normal values and, recognizing the fact that farm income has increased substantially, farmers will be urged to use their increased income to curtail their indebtedness, buy war bonds, and establish reserves for their future protection. The Federal land banks, as agents of the Corporation, will make commissioner loans, service all outstanding loans and acquired real estate, and otherwise conduct the mortgage business affairs of the Corporation. In general, the same policies followed by the land banks in making and servicing their own loans will be followed in making and servicing commissioner loans. This procedure also makes available the services and facilities of the national farm loan associations to the Corporation in the conduct of its business, and makes possible the decentralization of essential services to farmer borrowers.

FEDERAL FARM MORTGAGE CORPORATION

Table 1. Selected comparative data

Item	June 30, 1941	June 30, 1942	June 30, 1943
Gross assets	\$1,509,472,342	\$1,407,758,484	\$1,154,861,167
Loans outstanding:			
Number	432,243	411,579	353,954
Amount	530,118,518	567,745,303	463,257,083
Loans closed during year ended:			
Number	23,359	19,692	15,018
Amount	40,208,440	34,956,322	26,575,767
Repayments of loans during year ended	65,110,833	86,746,206	127,128,263
Loans delinquent:			
Number	93,037	63,933	37,911
Amount	169,150,701	112,071,409	61,792,297
Percent of loans delinquent:			
Number	21.5	15.5	10.7
Amount	26.8	19.7	13.3
Real estate and sheriffs' certificates acquired during the year ended:			
Number	3,567	3,438	2,881
Investment	11,497,477	11,078,222	10,042,123
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	5,504	5,414	4,169
Part	373	445	309
Investment	17,894,121	18,730,913	16,149,660
Real estate and sheriffs' certificates on hand:			
Number	6,558	4,539	3,226
Investment	22,631,948	16,481,692	11,885,959
Bonds outstanding	1,269,387,900	1,192,764,200	929,764,200
Capital stock	100,000,000	100,000,000	100,000,000

(b) Federal Farm Mortgage Corporation, Excess Capital Stock

This schedule reflects the capital of \$100,000,000 deposited in the Treasury by the Federal Farm Mortgage Corporation pursuant to the Act of June 25, 1940 (12 U.S.C. 1020b).

The Act of January 31, 1934 (12 U.S.C. 1020-1020h) establishing the Federal Farm Mortgage Corporation authorized the Governor of the Farm Credit Administration to subscribe, on behalf of the United States, to the capital stock of the Corporation in the amount of \$200,000,000. The above-cited Act of June 25, 1940 authorized the Corporation to repay to the Treasury all amounts in excess of \$100,000,000 which had been subscribed to the capital stock of the Corporation, to be held as a fund available for subscription, with the approval of the Secretary of the Treasury, to the capital of the Corporation when, in the judgment of the Corporation directors, additional subscriptions to its capital are necessary.

FLOOD CONTROL

This budget schedule covers obligations under balances of prior year transfers of funds to the Department of Agriculture from appropriations made to the War Department for Flood Control. These funds were transferred for preliminary examinations and surveys, and for measures for run-off and water-flow retardation and soil-erosion prevention on watersheds of streams for which projects for the benefit of navigation and the control of destructive flood waters are authorized by law.

No transfers have been made to the Department of Agriculture since the fiscal year 1942, and none are proposed for 1945.

Estimated obligations, 1944 \$94,718

Estimated obligations, 1945 50,000

Decrease -44,718

PROJECT STATEMENT

Project	1943	1944 (estimated)	1945 (estimated)	Increase or decrease
1. Preliminary examinations and surveys	\$163,784	\$15,480	- -	-\$15,480 (1)
2. Works of improvement, etc.	176,508	78,304	\$50,000	-28,304 (2)
Transfers to other appropria- tions (as shown in Budget schedule)	152,855	934	- -	-934 (3)
Total obligations	<u>493,147</u>	<u>94,718</u>	<u>50,000</u>	<u>-44,718</u>
Prior year balance available in 1943	4,856,495	- - -	- -	
1943 balance available in 1944	4,363,348	-4,363,348	- -	
1944 balance available in 1945	- -	+4,268,630	-4,268,630	
1945 balance available in 1946	- -	- -	+4,218,630	
Total estimate or appropria- tion	- -	- -	- -	

DECREASE

The decrease of \$44,718 in this item for 1945 consists of:

- (1) A decrease of \$15,480 for "Preliminary examinations and surveys" due to the suspension of all work in connection with preliminary examinations and surveys. Present plans do not contemplate new preliminary examinations and surveys in 1944 or 1945.
- (2) A decrease of \$28,304 for "Works of Improvement, etc." due to the suspension of improvement work as individual segments are completed in the Arroyo Seco portion of the Los Angeles River watershed. The work on this watershed is being placed on a maintenance basis for the duration of the war.
- (3) A decrease of \$934 in the transfer to "Salaries and Expenses, Office of the Secretary" due to the termination of appointments of technicians employed in the Central Flood Control Office. These technicians were retained for a portion of the fiscal year 1944 only for the payment of accumulated annual leave.

Progress and Current Program:

Pursuant to the general policy of curtailing nonwar public works activities for the duration, active work on the Department's program under the Flood Control Act of 1936, as amended, was suspended June 30, 1943, except for (1) certain survey reports requiring only a small amount of final office work and (2) maintenance work on the project in the Arroyo Seco portion of the Los Angeles River watershed.

Preliminary Examinations and Surveys: There have been completed 160 preliminary watershed examinations, covering approximately 1,200,000 square miles or about one-half of the total land area authorized for preliminary examination and survey by the Corps of Engineers.

Nineteen detailed watershed survey reports have also been completed covering nearly 45,000,000 acres. Of these, 12 found a program of watershed treatment justified pursuant to the Flood Control Acts; 6 found programs justified under other acts; 1 was negative. Fifteen of the reports have been transmitted to the Congress; the others will be transmitted in due course following clearances provided by established procedure.

Works of Improvement: Works of improvement were authorized in only one watershed, the Arroyo Seco portion of the Los Angeles. Due to war conditions, active work in 1943 was on a reduced scale preparatory to placing the project on a maintenance basis.

FOREIGN-SERVICE PAY ADJUSTMENT, APPRECIATION OF
FOREIGN CURRENCIES (AGRICULTURE)

This Budget schedule covers obligations under funds transferred to this Department from the appropriations made under this head in the Independent Offices Appropriations Acts. These funds are appropriated to meet losses sustained by officers and employees of the United States in foreign currencies in their relation to the American dollar. Obligations of the Department of Agriculture under this appropriation are as follows:

1943	\$ 550
1944 (estimated)	4,400
1945 (estimated)	2,000

CLAIMS, JUDGMENTS, AND PRIVATE RELIEF ACTS

This item covers claims of \$182,224.59 involving the Department of Agriculture during the fiscal year 1943 which were approved by the Congress in various deficiency and supplemental appropriation acts. They may be classified as follows:

- (1) Property Damage Claims--\$3,923.36 for damages to or loss of privately owned property caused by officers or employees of the Government acting within the scope of their official duties. Such claims are submitted to the Congress as authorized by the Act of December 28, 1922 (31 U.S.C. 215), an act which provides a method for the settlement of claims not exceeding \$1,000 in any one case against the Federal Government.
- (2) Audited Claims--\$178,301.23 for the payment of claims which the General Accounting Office has certified to be due from unexpended balances of appropriations which have been carried to the surplus fund of the Treasury under the provisions of Section 5 of the Act of June 20, 1874 (31 U.S.C. 713).

MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE

Obligations of the Department under this trust account are as follows:

1943	\$ 77,975
1944 (estimated)	250,000
1945 (estimated)	250,000

This item covers obligations under funds received by the Department of Agriculture from private individuals or organizations and from State or local government organizations for carrying out certain cooperative agreements between such individuals or organizations and the Department in connection with

its activities, as authorized by the Act of July 24, 1919 (5 U.S.C. 563). These funds are deposited in the Treasury of the United States and made available to the Department for expenditures under applicable cooperative agreements.

Following are a few examples of the types of agreements entered into by the Department and financed by contributed funds:

California State Department) of Natural Resources, Division) of Forestry)	
California State Department of) Agriculture)	For White-Pine blister rust control work in the State of California
University of California) (together with certain) Western cooperatives)	..
Rubber Reserve Corporation	For harvesting and transporting to the mill wild guayule in the State of Texas for the manufacture of rubber
State Departments of Agriculture, State Extension Services, and certain local farm organizations, in Massachusetts, Rhode Island, Connecticut, Maine, Vermont, and New Hampshire	For assisting in the financing of radio market reports to these States
American Ice Company	Investigations of the effects of refrigeration on the preservation and nutritive value of foods

RETURN OF EXCESS DEPOSITS FOR REPRODUCTIONS OF PHOTOGRAPHS, MOSAICS, AND MAPS

This trust account has been established to refund to farmers or other individuals, etc., any excess amounts deposited into the Treasury for the purchase of aerial or other photographs, mosaics, and maps which have been obtained in connection with the authorized work of the Department. The Department is authorized to sell these reproductions (at not less than their estimated cost) by the Act of February 16, 1938 (7 U.S.C. 1387).

Funds for the purchases of these reproductions are deposited into the Treasury and when the actual cost has been determined, the amounts deposited in excess of such costs are refunded to the purchasers from this account. The obligations for such refunds are as follows:

1943	\$ 924
1944 (estimated)	1,000
1945 (estimated)	1,000

UNCLAIMED MONEYS OF INDIVIDUALS

This account was established under authority of the Permanent Appropriation Repeal Act, approved June 26, 1934 (31 U.S.C. 725a), to provide for refunding small sums representing excess repayments (of less than one dollar) on Farm Security loans. Such amounts are covered into this trust fund and held until claims are made therefor by the borrowers. Refunds from this account in 1943 totalled \$58.00; for each of the fiscal years 1944 and 1945, they are estimated at \$100.00.

GENERAL PROVISIONS

Section 2: This section contains provisions limiting the activities of the Regional Agricultural Credit Corporations with proposed changes indicated as follows (new language underscored, deleted matter enclosed with brackets):

Sec. 2. No part of any appropriation contained in this Act or authorized hereby to be expended shall be used to pay the compensation or expenses of any officer or employee of the Department of Agriculture, or any bureau, office, agency, or service of the Department, or any corporation, institution, or association supervised thereby, who makes or approves, or directs or authorizes any other officer or employee of the Department or of any such bureau, office, agency, service, corporation, institution, or association to make or approve, (1) any loan or advance under the provisions of food production financing bulletins F-1 or F-2, issued by the Farm Credit Administration * * * Provided, That none of the limitations provided for by this section shall apply with respect [to any loan or advance made or approved before the date this Act becomes effective, or to the disbursement either before or after such date of any part of the proceeds of any loan or advance theretofore made or] to any loan or advance made or approved at any time for the purpose of financing the completion of production undertaken before [such date] July 12, 1943, or for the purpose of protecting or preserving the security for or assisting in the collection or liquidation of any loan or advance made or approved before such date.

It is proposed to delete that portion of the proviso which excepts from the limitations of this section all loans or advances made or approved before the date the 1944 Agricultural Appropriation Act became effective, or the disbursement either before or after such date of any part of the proceeds of any loan or advance theretofore made. Inasmuch as the purpose of this particular portion of the language will have been fully accomplished during the fiscal year 1944, it is recommended that it be eliminated. In order to carry out the purpose of the language in the 1944 Act, it is also recommended that the date of the approval of such Act, namely, July 12, 1943, be inserted.

Section 3: This section permits transfers between appropriations of not to exceed 7 per centum within any bureau, division, or office. Similar provision has been carried in the Agricultural Appropriation Act for more than 30 years.

As of January 31, 1944, no transfers under this authority had been made during the fiscal year 1944, though it is probable that the authority will be used in some cases to absorb overtime compensation.

The following statement shows transfers made under this provision in the fiscal year 1943:

Amount Transferred:	From	To	Purpose
\$4,000	Salaries and ex- penses, Office of Experiment Stations, ad- ministration of grants to States and coördination of research	Salaries and ex- penses, Office of Experiment Stations, insu- lar experiment station	For payment of foreign service differential to employees stationed in Puerto Rico.
8,800	Salaries and ex- penses, Bureau of Animal In- dustry, eradi- cating tubercu- losis and Bang's disease	Salaries and ex- penses, Bureau of Animal In- dustry: General admin- istrative expenses	For absorbing costs of over- time compensation under the overtime pay acts
21,000	"	Animal hus- bandry	"
6,800	"	Hog-cholera control	"
33,700	"	Inspection and quarantine	"
15,620	"	Virus Serum Toxin Act	"
1,400	Salaries and ex- penses, Bureau of Entomology and Plant Quar- antine, pink bollworm and Thurberia weevil control	Salaries and ex- penses, Bureau of Entomology and Plant Quarantine, foreign para- sites	For payment of salaries and expenses for the first two months of the fiscal year 1943, of two employees who were interned in Japan at the outbreak of the war and thus prevented from completing their assignments under the appropriation for foreign parasites in fiscal year 1942.
91,320			

Section 4: This section provides that the technical and scientific facilities of the Department may be made available for other branches of the Government requiring inspection, analysis, and testing of food and other products and for which they can reimburse or transfer funds to the Department. Although most of this work could be performed under the authority contained in Sec. 601 of the Economy Act of 1932, such authority is not adequate in all cases. Under existing law, an agency performing work under Section 601 cannot secure reimbursement for any part of such work which was performed by an outside contractor, except in the case of work performed for the War, Navy, or Treasury Departments, the Civil Aeronautics Administration or the Maritime Commission. Frequently the Department, in undertaking a job of inspecting and certifying food or other products, finds it necessary to have some part of the work done by a non-Federal agency, especially State Departments of Agriculture.

Under the authority contained in the Agricultural Appropriation Act the Agriculture agency can undertake and be reimbursed for the complete work requested, do the major part of it, and, if necessary, contract for the work it cannot perform itself. Thus the agency desiring the work can look to the Department as the proper and most competent agency in this field, for the complete job. Furthermore, under Section 601 it is not possible to transfer funds by transfer appropriation warrant, whereas this desirable authority is contained in this language in the appropriation act.

Section 5: This section continues the provisions relating to the purchase, operation and maintenance of passenger-carrying vehicles.

The change of language is proposed in order to insert the correct title of the Agricultural Adjustment Agency.

Section 6: This section provides for certain exceptions in the Department of Agriculture to the prohibition contained in the Independent Offices Appropriation Act against the employment of aliens. The language is the same as that carried in the 1944 Agricultural Appropriation Act.

Section 7: This section continues the restriction against the employment of persons who advocate, or who are members of an organization that advocates, the overthrow of the Government of the United States.

Section 8: The 1945 Budget proposes the deletion of section 8 of the 1944 Agricultural Appropriation Act, and the insertion of a new section 8, as follows (new language underscored, deleted matter enclosed in brackets):

Sec. 8. [That notwithstanding the provisions of the Agricultural Adjustment Act of 1938, as amended, or any other provision of law, any owner, lessee, tenant, or operator of any farm land on which a substantial part of any crop was destroyed or damaged by flood or by insect infestation in 1943 so that abandonment or replanting of such crop is necessary, may market without penalty the actual production of cotton from any acreage planted on such farm land and

the planting in 1943 of any acreage in excess of the farm cotton acreage allotment on such farm land shall not cause the producer to suffer any deduction or loss of eligibility for payment, commodity loans, or price support: Provided, That the acreage in excess of the farm acreage allotment in 1943 shall not constitute past acreage or past production of cotton in determining the farm, county, or State acreage allotment for any subsequent year]

Any limitations imposed by other acts upon the amounts available for salaries or other purposes in the Department of Agriculture are hereby waived to the extent necessary to provide for overtime or additional compensation pursuant to the War Overtime Pay Act of 1943.

Section 8 of the 1944 Agricultural Appropriation Act provided for the marketing, without penalty, of actual production of cotton on any farm, where a substantial part of any crop was destroyed or damaged by flood or insect infestation so that abandonment or replanting of such crop was necessary. Inasmuch as the 1944 agricultural conservation program payments will be made for practices only and marketing quotas will be in effect only on tobacco which is grown principally in areas not subject to serious and recurring floods, it is proposed to delete this language enclosed in brackets.

The estimates propose to insert the language underscored above as a new section 8 in the 1945 Agricultural Appropriation Bill. This language provides that limitations in other acts which restrict amounts which may be expended for salaries, administrative expenses, or other purposes in the Department of Agriculture be waived to the extent necessary to provide for overtime or additional compensation in lieu of overtime pursuant to the War Overtime Pay Act of 1943 (Public Law 49, 78th Congress, approved May 7, 1943).

